

# 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 2008

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 2008.

The previous corresponding period is the half-year ended 31 January 2007.

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2008**

**Results for Announcement to the Market**

		<b>Current period 31 January 2008 \$'000</b>	<b>Previous period 31 January 2007 \$'000</b>	<b>Change  \$'000</b>
<b>Revenue from continuing operations</b>	<b>Up 7.6% to</b>	<b>393,511</b>	<b>365,889</b>	<b>27,622</b>
<b>Profit before non regular items from ordinary activities after tax attributable to members</b>	<b>Down 3.2% to</b>	<b>43,987</b>	<b>45,456</b>	<b>(1,469)</b>
<b>Profit after tax and non regular items attributable to members</b>	<b>Up 17.1% to</b>	<b>45,407</b>	<b>38,784</b>	<b>6,623</b>

**Dividends**

	<b>Cents per share</b>	<b>Franking %</b>
<b>This period</b>		
1. Interim dividend	12.0c	100%
<b>Previous corresponding period</b>		
1. Interim dividend	11.5c	100%
Record date for determining entitlements to interim dividend:		<b>17 April 2008</b>
Ex Dividend Date:		<b>24 April 2008</b>
Date the interim dividend is payable:		<b>8 May 2008</b>

**Comments on above results**

- \*\* The increase of 17.1% in the profit after tax and non regular items attributable to members is mainly attributable to improved results from Associates, reduced losses in KH Foods Limited, partially offset by reduced earnings from the equity market and the absence of earnings from the media business.**
- \*\* Interim dividend increased by 4.3% to 12 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 2008**

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**Earnings per share**

	<b>2008</b>	2007 restated *
<b>From continuing operations</b>		
Basic Earnings per Share	<b>22.31 cents</b>	20.75 cents
Diluted Earnings per Share	<b>22.31 cents</b>	20.75 cents
<b>From discontinued operations</b>		
Basic Earnings per Share	<b>(3.28)</b>	(4.50)
Diluted Earnings per Share	<b>(3.28)</b>	(4.50)
From profit before non regular items after tax	18.43 cents	19.05 cents

\* 2007 restated for discontinued operations (refer note 4).

**Net tangible assets per security**

	<b>Jan 2008</b>	July 2007
Net tangible asset backing per ordinary security	<b>\$5.86</b>	\$6.18

**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<sup>st</sup> January, 2008

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 31st January, 2008.

#### **DIRECTORS**

The Directors of the Company in office at any time during or since the end of the financial 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 (UNSW), A.C.I.S., C.P.A., fFin, M.A.I.C.D.**

Non-executive Director, appointed 1997

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

Non-executive Director, appointed 2006

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

Non-executive Director, appointed 2006

#### **CONSOLIDATED FINANCIAL PERFORMANCE**

The Profit of the Group, **after tax and non regular items**, was \$45.4 million, an increase of 17.1% over the previous corresponding period. The profit on non regular items of \$1.4 million arose mainly from gains on disposals of investments which were partially offset by net write downs and losses attributable to minority interests absorbed by the parent entity, both of which related to KH Foods Limited.

The Profit of the Group, **after tax before non regular items**, attributable to shareholders for the half year ended 31 January, 2008 was \$44.0 million, a decrease of 3.2% over the previous corresponding period. This decrease of \$1.5 million was mainly attributable to reduced earnings from the equity market and the absence of earnings from the media business which were partly offset by reduced trading losses in KH Foods Limited and improved results by associates.

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

	<b>2008</b>	<b>2007</b>	<b>%</b>
	<b>\$000</b>	<b>\$000</b>	<b>Change</b>
Revenue from continuing operations	393,511	365,889 *	+ 7.6%
Profit after tax and non regular items	45,407	38,784	+ 17.1%
Profit after tax before non regular items	43,987	45,456	- 3.2%
Share of net profits of Associates	15,923	11,286	+ 41.1%
Earnings per share	19.0c	16.3c	+ 17.1%
Interim Dividend	12.0c	11.5c	+ 4.3%

\* restated for KH Foods Limited and media operations now classified as discontinued

## **INTERIM DIVIDEND**

Directors have declared an interim dividend of 12 cents per share in respect of the half year ended 31 January, 2008, an increase of 4.3% over last year's interim dividend of 11.5 cents per share. The dividend will be fully franked and payable on 8 May, 2008.

## **INVESTMENTS – Share Portfolio**

### **The Equities Market**

The Australian equities market has been particularly volatile recently as demonstrated by the 11.3% reduction in the All Ordinaries Index between 31<sup>st</sup> December 2007 and 31<sup>st</sup> January 2008. The market values of the Group's and the Company's listed investment portfolios have reflected this volatility.

### **Group**

The total decrease in the market value of the listed investment portfolio, excluding controlled entities and associates was \$190.7 million for the half year. Of this, \$134.0 million relates to the Group's strategic investment in Arrow Energy Limited (Arrow). The members' share of the total decrease in value was \$138.6 million of which \$81.9 million relates to Arrow. Under the Group's accounting policies this movement is transferred, net of tax, to the asset revaluation reserve.

### **Holding Company**

The market value of the listed investment portfolio, including controlled entities and associates, was \$2.4 billion as at 31 January, 2008, compared to \$2.8 billion at 31 July, 2007 and \$2.4 billion at 31 January, 2007.

Excluding controlled and associated entities, the market value of the listed investment portfolio decreased by \$56.4 million to \$485.4 million. Under the Group's accounting policies the movement in market values is transferred to the asset revaluation reserve.

During the half year \$9.4 million was invested in the equity market, including shares acquired as a result of takeovers. Purchases of shares in controlled entities and associates totalled \$5.0 million. Proceeds from disposals totalled \$12.2 million including cash and shares of \$10.7 million received as a result of takeovers. Gains on disposals for the period were \$6.4 million before tax.

Dividend and distribution income from the investment portfolio, excluding special dividends and dividends received from controlled and associated entities, was \$11.6 million, up 17.1% on the same period last year. Special dividends received were down by \$2.2 million for the 6 months.

## **INVESTMENTS – Major Associated Entities**

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

Brickworks posted a normalised net profit after tax for the half year to January 2008, up 9.7% at \$40.3 million, compared to \$36.7 million for the half year ending January 2007.

The result continues to highlight the growing diversification of Brickworks earnings and its three divisions of Land and Development, Building Products and Investments.

Normalised earnings per share increased to 30.4 cents for the half year ended January 2008, up from 27.7 cents, for the half year ended January 2007.

Directors have declared an interim dividend of 12.5 cents fully franked, up 4.2% from 12.0 cents the previous half year.

The Building Products division result, currently representing approximately only 37% of the Company's earnings, was impacted by a number of one-off events including significant east coast rainfall, plant closures for stock control, gas shortages in Western Australia and the transition from Scoresby to Wollert in Victoria.

Housing construction affordability continues to decline with interest rates increasing and limited access to affordable land in many markets. We expect the building industry will continue to face difficult trading conditions until interest rates start trending down and housing affordability improves.

The Land and Development division exceeded the profit of Building Products, highlighting Brickworks' decreasing reliance on both bricks and the Australian residential housing market. The half year results produced a total profit before tax of \$26.3 million for the division. This represents an increase of 102.3% over the profit achieved in the half year to 31 January 2007 of \$13.0 million. The recent sale of Eastwood in Sydney was partially realised in this figure. The sale of Scoresby in Victoria will be completed in three stages scheduled for May, July and December this year. The value of the property trust, a 50:50 joint venture between Brickworks and Goodman International increased in value to \$104.0 million.

Brickworks' associated entity Brickworks Investment Company Limited (18.0% held at 31 January 2008) has reported a net profit after tax of \$13.4 million to 31 December 2007 compared to \$6.5 million in the six months to 31 December 2006, an increase of 105.4%.

Following enquiry at the Annual General Meeting, the board of directors of WHSP is satisfied with the Company's investment in Brickworks.

As a result of WHSP's 49.5% holding in the issued capital of Brickworks, Brickworks contributed \$12.1 million to the net profit of the Group (2007 \$10.1 million).

### **Australian Pharmaceutical Industries Limited (API) – (21.7% held\*)**

API has changed its financial year of 1 May - 30 April to 1 September - 31 August. The transition to its new financial year required the company to report a transitional period result for the four month period of 1 May to 31 August.

For the four month period API reported revenue of \$940.3 million, a 7.8% increase on last year and an EBITD of \$17.2 million. Excluding associates, API recorded a profit after tax of \$3.0 million however Clifford Hallam Healthcare and MLE over which API had no operational control recorded a combined loss of \$5.6 million. As a result API recorded a final after tax loss for the period of \$2.6 million.

\* Percentage of the issued capital of the company held by Washington H. Soul Pattinson and Company Limited as at 31<sup>st</sup> January 2008.

API's underlying business of pharmaceutical distribution and health and beauty retailing has made good progress over the past twelve months. The pharmaceutical distribution business reported a 9% increase in sales revenue during the transitional four month period and continues to increase market share in all states. For the same period the Retail division recorded a solid 6% increase in sales.

On the 8<sup>th</sup> October 2007 API announced that it had become the preferred national distributor for Alphapharm, Australia's leading generic brand manufacturer. The generic pharmaceutical market in Australia is valued in excess of \$800 million annual turnover and growing at 10% per annum. The Alphapharm distribution agreement places API in a strong strategic position as it is now the clear market leader in pharmaceutical distribution in Australia.

On the 7<sup>th</sup> February 2008 API provided the market with an update on its trading performance for the first five months of its new financial year (September'07 - January'08). Group sales for the period grew 18% compared to the same period last year. The Pharmaceutical distribution business grew sales by 23% and the Retail division reported a 7.5% increase over the same period last year.

The company advised that the integration of the Alphapharm distribution business had been a significant step for API and enabled them to provide their pharmacy customers with a more comprehensive offering. API also added that its Priceline Pharmacy store rollout continues and a well developed pipeline for 2008 will keep them on target for their growth plans.

Since July 2007 API has acted on its non-performing assets. The House and Price Attack franchise businesses have been sold, the MLE joint venture has been consolidated back into API and the company has exited its New Zealand joint venture. Although the Clifford Hallam Healthcare joint venture had a disappointing result for the four month transitional reporting period results for the new financial year are encouraging due to new management having initiated operational improvements in recent months.

As a result of WHSP's 21.7% holding in the issued capital of API, API contributed a \$0.6 million loss to the Group result (2007 \$3.7 million loss).

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

Clover reported a net profit after tax for the six months ended 31<sup>st</sup> December 2007 of \$685,000 (last year \$80,000) on sales of \$9.4 million, a 24.4% increase on the same period last year.

During the six months under review Clover acquired the minority shareholding in joint venture company Nu-Mega Ingredients Pty Ltd (Nu-Mega), completed works at its oil refining plant to increase capacity and commercially released a new microencapsulated Hi-DHA powdered ingredient under the tradename 'Thermomax'<sup>TM</sup>.

In December 2007 Nu-Mega was awarded a five year renewable contract with Mead Johnson & Co USA to supply 50% of their Hi-DHA tuna fish oil and microencapsulated powder for product applications for children greater than twelve months of age. Sales have already commenced into South East Asia and significant forward orders have been received for the balance of this calendar year. Infant formula represents the major use of the company's Hi-DHA tuna oil powders where sales into Asia, particularly Indonesia, have been strong during the period under review. The company has recently commenced supply into Vietnam's major infant formula manufacturer.

\* Percentage of the issued capital of the company held by Washington H. Soul Pattinson and Company Limited as at 31<sup>st</sup> January 2008.

Future Food Ingredients Pty Ltd (FFI), a 50% joint venture which produces bland flavoured soy ingredients continues to make steady progress. Although the company reported a loss of \$320,000 for the first six months the result compared favourably with last year's loss of \$684,000.

As a result of WHSP's 28.5% holding in the issued capital of Clover, Clover contributed \$200,000 to the net profit of the Group (2007 \$20,000).

## **MAJOR CONTROLLED ENTITIES**

### **New Hope Corporation Limited Group (New Hope) – (61.2% held\*)**

New Hope recorded a net profit after tax of \$36.6 million from its operations for the six months ended 31 January 2008. This was 9.4% higher than the 2007 half year operational result of \$33.5 million. Total profit attributable to New Hope shareholders for the 2007 half year was \$3.5 million higher than the current period but included a one-off \$6.6 million gain on the sale of surplus land.

Directors have declared an interim ordinary dividend of 2.25 cents per share fully franked.

New Hope's operations in South East Queensland produced 2.17 million tonnes of coal in the six months to 31 January 2008, a 21% increase on the 1.79 million tonnes produced in the prior corresponding period.

Coal sales for the six months to 31 January 2008 were some 2.3 million tonnes, approximately 20% higher than the 1.9 million tonnes sold in the first six months of the 2007 financial year. Export sales volumes for the six months to 31 January 2008 were 37% higher than the previous corresponding period, whereas domestic sales were slightly lower.

During the period, New Hope entered into a long-term agreement to supply its New Acland mine with recycled water from Toowoomba City Council's Wetalla Water Reclamation Facility. The agreement effectively 'drought proofs' the mine and allows for the mine's planned expansions into the future.

Higher coal prices have resulted in New Hope planning to recommence mining at the Jeebropilly operation in mid 2008 after ceasing mining operations in early 2007. The mine will operate at an initial rate of 500,000 tonnes per annum and will offset the closure of the New Oakleigh mine later this year or early next year.

New Hope acquired the remaining 50% of Queensland Bulk Handling Pty Ltd (QBH) on 1st August 2007 for \$42.5 million. QBH loaded 2.8 million tonnes of coal for customers in the six months to 31 January 2008, a 33% increase over the 2.1 million tonnes loaded in the previous corresponding period.

New Hope, through a share placement, purchased a further 8.57 million shares in Arrow Energy Limited during the half year. As at 31 January 2008 New Hope's interest in Arrow was valued at \$209.2 million, (based on a closing market price on 31 January 2008 of \$1.73 per share), representing an unrealised gain of some \$97.6 million.

Work continued on the Central Queensland exploration areas however wet weather curtailed some drilling.

The Saraji East, Lenton and Bee Creek projects located in central Queensland all have potential to produce coking coal with Saraji East the most significant economically and logistically.

As a result of WHSP's 61.2% holding in the issued capital of New Hope, New Hope contributed \$22.4 million to the net profit of the Group (2007 \$24.5 million).

\* Percentage of the issued capital of the company held by Washington H. Soul Pattinson and Company Limited as at 31<sup>st</sup> January 2008.

## **SP Telemedia Limited (SPT) – (44.5% held\*)**

SPT achieved a net profit after tax from continuing operations in the six months to 31 January 2008 of \$2.53 million, compared to \$4.6 million for the corresponding period last year. During the half year SPT incurred a number of one-off adjustments and costs primarily associated with their consumer operations. Depreciation costs increased during the first half as the network expands. This along with the first time amortisation of advertising contra received as part of the consideration for the company's sale of its media operations further impacted on the result. The normalised net profit after tax from continuing operations for the half year was \$5.5 million.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the half year was \$12.2 million and on a normalised basis was \$15.3 million. During the half year SPT paid fully franked dividends of 1.2 cents per share amounting to \$4.9 million and announced on 7 February 2008 an intention to pay a further full franked special dividend, of 2.4 cents per share or \$9.7 million payable on 22 May 2008 to registered shareholders as at 17 April 2008 (subject to shareholders approving the TPG merger).

Total revenue from continuing operations in the current half year is \$203 million compared to \$207 million for the previous corresponding year.

On 7 February 2008, SPT announced the acquisition of 100% of the share capital of TPG Holdings Limited (TPG) for consideration of \$150 million and 270 million shares in SPT. TPG was established in 1986 and offers dial-up, ADSL and ADSL2+ internet solutions to consumers and small business. The proposed merger brings TPG's 238 owned DSLAMS together with SP Telemedia's converged voice and data network containing over 300 points of presence. The merged entity will have the enviable position of an extensive footprint of DSLAMS along with voice and data coverage to a large percentage of the Australian population. The acquisition is subject to the approval of shareholders at a meeting to be held on 7 April 2008. WHSP has announced its intention to vote in favour of the transaction. The Directors of SPT have advised the market that they unanimously support the merger with TPG. The transaction will be earnings per share accretive to SPT shareholders before synergies. The synergies achievable following the acquisition of TPG are compelling and will further enhance shareholder value in the future.

On 8 May 2007, SPT sold the NBN television media operations previously owned by the company for a consideration of \$250 million. The results for the half year ended 31 January 2008, therefore included no contribution from the media operations. It is expected that the TPG group will contribute more than 4 times the net profit after tax previously achieved by the media operations. The SPT Director's are of the view that the Company is now in a stronger position following these transactions.

In the second half of this financial year, management of SPT will consolidate the TPG and SPT consumer operations. This is expected to generate significant cost-savings and improved efficiencies in SPT's consumer operations. There will be further one-off costs incurred in the second half similar to that incurred in the first half in achieving the synergies and rationalisation of the consumer business. SPT continues to perform well in the corporate and government sector and is continuing to sign new business at a steady rate.

As a result of WHSP's 44.5% holding in the issued capital of SPT, SPT contributed \$1.2 million to the net profit of the Group (2007 \$4.5 million).

\* Percentage of the issued capital of the company held by Washington H. Soul Pattinson and Company Limited as at 31<sup>st</sup> January 2008.

## **KH Foods Limited (KHF) – (86.6% held\*)**

KHF continued to record losses albeit smaller than in previous periods. For the half year ended 31 January 2008 KHF reported a loss of \$9.0 million. Trading losses accounted for \$4.8 million, a loss on the sale of grocery cake and Geelong route businesses along with closure costs of the Heidelberg head office amounted to \$1.4 million and asset impairment of \$2.8 million all contributed to the overall result. The Group reported a loss of \$14.0 million for the first half last year, all of which were trading losses.

During the period under review KHF completed the divestment of its grocery cake business to George Weston Foods Ltd and the Beaumont's route business to Routleys Bakery. The company also closed its head office in Melbourne during October 2007.

On 5 February 2008 the Group announced that it had agreed to divest its remaining two businesses, namely Balfours and Betabake to a company associated with the San Remo Macaroni Group (San Remo). As KHF is divesting its main (& last) businesses the ASX listing rules require the proposed divestments to be approved by its shareholders. WHSP, KHF's major shareholder with an 86.6% interest will vote in favour of the transaction and in doing so will end the continued losses which have flowed from this investment over the past four years. Both the WHSP and the newly constituted KHF board are working closely to determine the best outcome for both shareholder groups.

As a result of WHSP's 86.6% holding in the issued capital of KHF, KHF contributed a \$7.8 million loss to the Group result (2007 \$12.9 million loss).

## **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 98/0100.

## **AUDITORS' INDEPENDENCE DECLARATION**

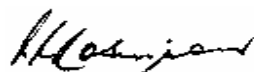
The lead auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11 for the half year ended 31 January 2008.

Dated this 27<sup>th</sup> day of March 2008

Signed in accordance with a resolution of the Directors:



R D Millner  
Director



P R Robinson  
Director

\* Percentage of the issued capital of the company held by Washington H. Soul Pattinson and Company Limited as at 31<sup>st</sup> January 2008.

PARTNERS:

Howard Badger CA  
Andrew Blackwell CA  
Chris Chandran CA  
Martin Fowler CA  
Stephen Humphrys FCA  
Garry Leysdon FCA  
Allan Mortel CA  
Wayne Morton FCA  
Joe Shannon CA  
Robert Southwell CA  
Spiro Tzannes FCA  
Charlie Viola (Affiliate ICAA)  
Scott Whiddett CA

CONSULTANTS:

Anja Dorrell CA  
Brett Sato CA  
Bob Webster FCA

**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 2008, 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



**S.M. Whiddett**  
Partner

Dated in Sydney this 27<sup>th</sup> day of March 2008.

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2008**

**Condensed Consolidated Income Statement**  
**For the half year ended 31 January 2008**

		<b>Consolidated</b>	
	Notes	<b>2008</b>	2007
		<b>\$'000</b>	restated * \$'000
<b>Revenue from continuing operations</b>		<b>393,511</b>	365,889
Other income	3(i)	<b>9,886</b>	17,679
Cost of sales		<b>(218,674)</b>	(200,821)
Selling and distribution expenses		<b>(66,675)</b>	(63,123)
Administration expenses		<b>(32,441)</b>	(28,439)
Occupancy expenses		<b>(2,454)</b>	(2,522)
Other expenses		<b>(2,138)</b>	(4,671)
Impairment of assets		<b>(1,003)</b>	(2,270)
Finance costs		<b>(2,493)</b>	(1,911)
Share of profits of associates and partnerships using the equity method	7	<b>15,923</b>	11,286
<b>Profit before income tax</b>		<b>93,442</b>	91,097
Income tax (expense)		<b>(19,752)</b>	(17,422)
Profit after tax from continuing operations		<b>73,690</b>	73,675
Profit / (loss) after tax from discontinued operations	4	<b>(7,840)</b>	(8,312)
<b>Profit after tax for the half year</b>		<b>65,850</b>	65,363
Profit after tax attributable to minority interest		<b>(20,443)</b>	(26,579)
<b>Profit after tax attributable to members of Washington H. Soul Pattinson and Company Limited</b>		<b>45,407</b>	38,784
Profit before non regular items from ordinary activities after tax attributable to members		<b>43,987</b>	45,456
Profit/(loss) from non regular items after income tax attributable to members	3(ii)	<b>1,420</b>	(6,672)
<b>Profit after tax and non regular items for the period attributable to members</b>		<b>45,407</b>	38,784
		<b>Cents</b>	Cents
		<b>2008</b>	2007
<b>Earnings per share</b>			restated*
Basic and diluted earnings per share to ordinary equity holders of the company			
Continuing operations		<b>22.31</b>	20.75
Discontinued operations		<b>(3.28)</b>	(4.50)
Total earnings per share		<b>19.03</b>	16.25
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 consolidated income statement has been restated for discontinued operations (refer note 4).

*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 2008**

**Condensed Consolidated Balance Sheet**  
**As at 31 January 2008**

	Consolidated	
	31 Jan 2008	31 July 2007
	\$'000	\$'000
<b>Current assets</b>		
Cash and cash equivalents	87,471	173,272
Trade and other receivables	137,890	119,998
Inventories	26,256	27,390
Intangibles	33,813	29,211
Other financial assets at fair value through profit or loss	92,215	84,884
Held to maturity investments	252,022	293,844
Derivative financial instruments	9,566	7,361
Other assets	2,180	1,410
	641,413	737,370
Assets of a disposal group classified as held for sale	22,497	6,414
<b>Total current assets</b>	663,910	743,784
<b>Non-current assets</b>		
Receivables	9,578	12,043
Investments accounted for using the equity method	526,494	512,104
Available for sale financial assets	695,739	882,904
Derivative financial instruments	12,212	5,122
Other financial assets	11,138	11,138
Property, plant and equipment	449,187	384,607
Investment property	35	35
Deferred tax assets	13,187	12,149
Intangible assets	80,101	75,609
	1,797,671	1,895,711
<b>Total non-current assets</b>	1,797,671	1,895,711
<b>Total assets</b>	2,461,581	2,639,495
<b>Current liabilities</b>		
Trade and other payables	97,011	92,326
Short-term borrowings	42,779	51,885
Current tax liabilities	7,544	29,908
Short-term provisions	13,453	18,681
Other	23,076	22,995
	183,863	215,795
Liabilities directly associated with assets of a disposal group	8,502	3,596
<b>Total current liabilities</b>	192,365	219,391
<b>Non-current liabilities</b>		
Long-term borrowings	30,961	38,642
Deferred tax liabilities	169,404	211,952
Long-term provisions	13,150	15,400
Other	8,853	7,314
	222,368	273,308
<b>Total non-current liabilities</b>	222,368	273,308
<b>Total liabilities</b>	414,733	492,699
<b>Net assets</b>	2,046,848	2,146,796
<b>Equity</b>		
Contributed equity	32,900	32,900
Reserves	708,397	792,115
Retained profits	770,583	754,033
Parent entity interest	1,511,880	1,579,048
Minority interest	534,968	567,748
	2,046,848	2,146,796
<b>Total Equity</b>	2,046,848	2,146,796

*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 2008**

**Condensed Consolidated Statement of Changes in Equity**  
**For the half year ended 31 January 2008**

	Share Capital \$'000	Retained Profits \$'000	Reserves \$'000	Minority interests \$'000	Total \$'000
<b>Consolidated entity</b>					
<b>Total equity at the beginning of the half year – 1 August 2006</b>	32,900	735,315	638,191	545,692	1,952,098
Net movement in asset revaluation reserve, net of tax	-	-	67,175	15,616	82,791
Net movement in hedge reserve	-	-	(1,100)	(698)	(1,798)
Net movement in foreign currency translation reserve	-	-	198	48	246
Net profit for the half year after tax	-	38,784	-	26,579	65,363
<b>Total recognised income and expense for the half year</b>	-	38,784	66,273	41,545	146,602
Dividends declared and paid	-	(58,296)	-	(27,619)	(85,915)
Contributions of equity, net of transaction costs	-	-	-	9,430	9,430
Net movement in share based payments reserve	-	-	706	478	1,184
Net movement in treasury reserve	-	-	(68)	(85)	(153)
Acquisition of additional ownership in subsidiaries	-	(24,828)	-	(47,823)	(72,651)
Equity transfer from members on issue of share capital in controlled entities	-	(9,048)	-	9,048	-
Equity transfer - recovery of losses from minority interest, previously absorbed by parent entity interest	-	7,067	-	(7,067)	-
<b>Total equity at the end of the half year - 31 January 2007</b>	<b>32,900</b>	<b>688,994</b>	<b>705,102</b>	<b>523,599</b>	<b>1,950,595</b>
<b>Total equity at the beginning of the half year – 1 August 2007</b>	<b>32,900</b>	<b>754,033</b>	<b>792,115</b>	<b>567,748</b>	<b>2,146,796</b>
Net movement in asset revaluation reserve, net of tax	-	-	(87,566)	(25,881)	(113,447)
Net movement in hedge reserve	-	-	4,161	2,533	6,694
Net movement in foreign currency translation reserve	-	-	(797)	(19)	(816)
Net movement in equity reserve	-	-	2,214	237	2,451
Transfer to retained earnings from reserves – equity accounting of an Associate	-	2,073	(2,073)	-	-
Net profit for the half year after tax	-	45,407	-	20,443	65,850
<b>Total recognised income and expense for the half year</b>	-	<b>47,480</b>	<b>(84,061)</b>	<b>(2,687)</b>	<b>(39,268)</b>
Dividends declared and paid	-	(31,969)	-	(25,207)	(57,176)
Contributions of equity, net of transaction costs	-	-	-	79	79
Net movement in share based payments reserve	-	-	549	243	792
Net movement in treasury reserve	-	-	(206)	(245)	(451)
Acquisition of additional ownership in subsidiaries	-	1,109	-	(5,033)	(3,924)
Equity transfer from members on issue of share capital in controlled entities	-	(70)	-	70	-
<b>Total equity at the end of the half year - 31 January 2008</b>	<b>32,900</b>	<b>770,583</b>	<b>708,397</b>	<b>534,968</b>	<b>2,046,848</b>

*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 2008**

**Condensed Consolidated Cash Flow Statement**  
**For the half year ended 31 January 2008**

	Notes	Consolidated	
		2008 \$'000	2007 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers inclusive of GST		410,189	470,319
Payments to suppliers and employees inclusive of GST		(366,429)	(435,905)
		<u>43,760</u>	<u>34,414</u>
Dividends received		30,782	37,088
Interest received		13,132	15,288
Finance costs		(2,048)	(2,524)
Income taxes paid		(37,307)	(37,183)
<b>Net cash inflow (outflow) from operating activities</b>		<u>48,319</u>	<u>47,083</u>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment and intangibles		(35,370)	(74,329)
Proceeds from sale of property, plant and equipment		728	6,245
Net proceeds from investments held to maturity		41,822	98,366
Payments for investments		(38,702)	(20,177)
Proceeds from sale of investments		16,445	13,752
Loans advanced to other parties		(950)	(1,722)
Repayment of loans from other parties		71	1,044
Loans advanced to related parties		(2,337)	(8,360)
Repayment of loans from related parties		-	1,566
Acquisition of subsidiary, net of cash acquired	6	(40,568)	(70,733)
Proceeds from sale of business - discontinued operation	4	5,443	-
<b>Net cash inflow (outflow) from investing activities</b>		<u>(53,418)</u>	<u>(54,348)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issues of equity		78	6,456
Costs on issue of equity		-	(226)
Dividends paid		(65,758)	(101,597)
Proceeds from borrowings		8,576	129,965
Repayment of borrowings and leases		(24,138)	(39,889)
Restricted cash released		554	4,150
<b>Net cash inflow (outflow) from financing activities</b>		<u>(80,688)</u>	<u>(1,141)</u>
<b>Net (decrease) in cash and cash equivalents</b>			
		(85,787)	(8,406)
Cash and cash equivalents at the beginning of the half year		173,272	77,986
Effects of exchange rate changes on cash and cash equivalents		(14)	194
<b>Cash and cash equivalents net of bank overdraft at the end of the half year</b>		<u>87,471</u>	<u>69,774</u>

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

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

### **1. Basis of Preparation of half-year report**

The financial report for the interim half year reporting period ended 31 January 2008 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 2007 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 2007.

The consolidated interim financial report was authorised by the directors on 27<sup>th</sup> March 2008.

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2008**

**Notes to the Consolidated Financial Statements**

**2. Segment Information**

Primary reporting format – business segments (before minority interests)  
Half year ended 31 January 2008

	Investing activities \$'000	Telecomm unications \$'000	Coal Mining \$'000	Consulting \$'000	Intersegment / Unallocated \$'000	Total Continuing operations \$'000	Discontinued operations - Media \$'000	Discontinued operations - Bakery \$'000	Intersegment eliminations/ Unallocated \$'000	Total Discontinuing operations \$'000	Consolidated \$'000
<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 transactions	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 net profits of associates and joint venture partnership	15,948	-	-	147	(172)	<b>15,923</b>	-	-	-	-	<b>15,923</b>
Other income	9,555	-	331	-	-	<b>9,886</b>	-	-	-	-	<b>9,886</b>
<b>Total segment revenue/income</b>	<b>87,210</b>	<b>205,586</b>	<b>149,158</b>	<b>5,248</b>	<b>(27,882)</b>	<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>

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2008**

**Notes to the Consolidated Financial Statements**

**2. Segment Information (continued)**

Primary reporting format – business segments (before minority interests)  
Half year ended 31 January 2007

	Investing activities \$'000	Telecomm- unications \$'000	Coal Mining \$'000	Consulting \$'000	Intersegment eliminations/ Unallocated \$'000	Total Continuing operations \$'000	Discontinued operations - Media \$'000	Discontinued operations - Bakery \$'000	Intersegment eliminations/ Unallocated \$'000	Total Discontinuing operations \$'000	Consolidated \$'000
<b>Revenue from external customers</b>	27,557	206,970	123,091	2,102	6,169	<b>365,889</b>	38,782	52,963	-	<b>91,745</b>	<b>457,634</b>
Intersegment revenue	40,511	193	-	3,364	(44,068)	-	-	-	-	-	-
Total revenue	68,068	207,163	123,091	5,466	(37,899)	<b>365,889</b>	38,782	52,963	-	<b>91,745</b>	<b>457,634</b>
Share of net profits of associates and joint venture partnership	9,367	-	2,225	73	(379)	<b>11,286</b>	-	-	-	-	<b>11,286</b>
Other income	9,536	-	8,012	112	19	<b>17,679</b>	10	90	(90)	<b>10</b>	<b>17,689</b>
<b>Total segment revenue/income</b>	<b>86,971</b>	<b>207,163</b>	<b>133,328</b>	<b>5,651</b>	<b>(38,259)</b>	<b>394,854</b>	<b>38,792</b>	<b>53,053</b>	<b>(90)</b>	<b>91,755</b>	<b>486,609</b>
Segment results	74,310	8,797	50,599	2,631	(45,240)	<b>91,097</b>	6,254	(14,043)	372	<b>(7,417)</b>	<b>83,680</b>
Income tax (expense)						<b>(17,422)</b>				<b>(895)</b>	<b>(18,317)</b>
<b>Net profit / (loss) for the half year</b>						<b>73,675</b>				<b>(8,312)</b>	<b>65,363</b>

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2008**

**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 nature, size or incidence:

	<b>31 Jan 2008</b>	31 Jan 2007
	<b>\$'000</b>	\$'000
<b>Other income</b>		
Profit on disposal of land	-	8,012
Fair value gains of financial assets at fair value through profit or loss	<b>3,026</b>	7,966
Gains on sale of available for sale financial assets	<b>6,423</b>	1,701
Other	<b>437</b>	-
	<b>9,886</b>	17,679

**(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:

	<b>31 Jan 2008</b>	31 Jan 2007
	<b>\$'000</b>	\$'000
Profit on disposal of investments	<b>4,942</b>	1,693
Profit on disposal of property, plant and equipment	-	4,041
Operating losses attributable to minority interest absorbed by parent entity interest	<b>(1,209)</b>	(6,498)
Impairment write downs	<b>(3,927)</b>	(187)
Gains / (losses) on assets of a disposal group	<b>1,053</b>	-
Restructure and other corporate costs	<b>335</b>	-
Share of significant revenue and expenses from associate entities and joint venture entities	<b>(702)</b>	(6,002)
Implementation of tax consolidation for controlled entity	-	281
Tax credit on financial guarantee	<b>928</b>	-
	<b>1,420</b>	(6,672)

# Washington H. Soul Pattinson and Company Limited

## Half year ended 31 January 2008

### Notes to the Condensed Consolidated Financial Statements

#### 4. Discontinued operations

In May 2007 the Consolidated entity disposed of its entire media segment through the sale of 100% of the Consolidated entity's interest in NBN Enterprises Pty Limited.

In August 2007 KH Foods Limited completed the divestment of its grocery cake and certain route businesses.

On 5 February 2008 KH Foods Limited announced that, subject to gaining approval from its shareholders, it had agreed to divest its remaining businesses, Balfours and Betabake, to a company associated with the San Remo Macaroni Group. Further details of the sale are included in the KH Foods Limited financial report for the half year ended 31 January 2008. As at 31 January 2008 the directors of KH Foods Limited deemed these businesses to be discontinued and as a result the assets and liabilities of these businesses have been revalued to fair value or statutory value and are disclosed in the Consolidated balance sheet as Assets / Liabilities of a disposal group classified as held for sale.

These above operations were not classified as discontinued operations or held for sale as at 31 January 2007. In this report, the comparative income statement has been re-presented to show the discontinued operations separately from the continuing operations.

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

	Half-year ended 31 January 2008			Half -year ended 31 January 2007		
	\$'000 Media	\$'000 Bakery	\$'000 Group	\$'000 Media	\$'000 Bakery	\$'000 Group
<b><u>Results of discontinued operations</u></b>						
Revenue	-	31,498	<b>31,498</b>	38,792	52,963	91,755
Expenses	-	(35,592)	<b>(35,592)</b>	(33,350)	(65,926)	(99,276)
<b>Results from operating activities</b>	-	(4,094)	<b>(4,094)</b>	5,442	(12,963)	(7,521)
Impairment (charge) / writeback	-	(4,674)	<b>(4,674)</b>	-	104	104
Income tax (expense) / credit	-	928	<b>928</b>	(895)	-	(895)
<b>Results from operating activities, net of income tax</b>	-	(7,840)	<b>(7,840)</b>	4,547	(12,859)	(8,312)
Gain on sale of discontinued operation	-	-	-	-	-	-
Income tax on gain on sale of discontinued operation	-	-	-	-	-	-
Gain on sale of discontinued operation after income tax	-	-	-	-	-	-
Profit / (loss) from discontinued operations	-	(7,840)	<b>(7,840)</b>	4,547	(12,859)	(8,312)
<b>Profit / (loss) from discontinued operations attributable to members</b>	-	<b>(7,840)</b>	<b>(7,840)</b>	2,110	(12,859)	(10,749)
Basic earnings per share (cents)			(3.28) cents			(4.50) cents
Diluted earnings per share (cents)			(3.28) cents			(4.50) cents

# Washington H. Soul Pattinson and Company Limited

## Half year ended 31 January 2008

### Notes to the Condensed Consolidated Financial Statements

#### 4. Discontinued operations – cont

##### Cash flows from discontinued operations

Incorporated in the consolidated cash flow statement for the half year ended 31 January 2008 are the following net cash movements relating to discontinued operations:

	Half-year ended 31 January 2008			Half year ended 31 January 2007		
	\$'000 Media	\$'000 Bakery	\$'000 Group	\$'000 Media	\$'000 Bakery	\$'000 Group
Net cash from operating activities	-	(4,605)	<b>(4,605)</b>	3,723	(12,888)	(9,165)
Net cash from investing activities	-	5,116	<b>5,116</b>	(1,527)	(415)	(1,942)
Net cash from financing activities	-	(247)	<b>(247)</b>	-	(13,633)	(13,633)
Net cash inflow / (outflow) from discontinuing operations	-	264	<b>264</b>	2,196	(26,936)	(24,740)

#### 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	28,637	12.0	12.0
	Previous corresponding half year, paid on 10 May 2007	27,444	11.5	11.5
<b>Final dividend 2007</b>	A final dividend, not previously recognised in retained profits, was paid on 10 December 2007	40,569	17.0	17.0

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

##### **Acquisition of Queensland Bulk Handling Pty Ltd – previously an Associate**

On 1st August 2007 Andrew Wright Holdings Pty Ltd (AWH), a fully owned subsidiary of New Hope Corporation Limited, acquired the remaining 50% equity in Queensland Bulk Handling Pty Ltd (QBH) and the Bulk Terminal Services (BTS) partnership as disclosed in the financial statements for the year ended 31 July 2007. Total purchase consideration of \$44.1 million consisted of cash \$42.5 million and transaction costs of \$1.6 million. The fair value of net identifiable assets was \$38.6 million resulting in goodwill acquired of \$5.5 million.

**Washington H. Soul Pattinson and Company Limited**  
**Half year ended 31 January 2008**

**Notes to the Condensed Consolidated Financial Statements**

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

Name of associated entity	Group's percentage of holding at balance date *		Contribution to Group net profit for the half year **	
	Jan 2008 %	Jan 2007 %	2008 \$000	2007 \$000
<b>Material Associates</b>				
Brickworks Limited	49.5	49.5	12,108	10,062
Australian Pharmaceutical Industries Limited	21.7	21.7	(564)	(3,723)
Queensland Bulk Handling Pty Limited (controlled from 1 August 2007***)	-	50.0	-	717
Ampcontrol Pty Limited	45.0	45.0	2,410	2,830
Windsor Farm Foods Limited	29.9	43.8	-	(437)
<b>Other Associates</b>				
Austgrains Pty Limited	48.0	48.0	(116)	(289)
Apex Healthcare Berhad (equity accounted from August 2007****)	30.0	-	756	-
Asian Property Investments Limited	19.4	32.2	1,199	69
Belaroma Coffee Pty Ltd	40.0	40.0	81	12
Clover Corporation Limited	28.6	28.6	196	23
Hydramatic Engineering Pty Limited (disposed of 28 February 2007)	-	40.0	-	693
Keith Harris & Company (Far East) Pte Limited	49.0	49.0	170	48
Krispy Kreme Holdings Australia Pty Ltd	24.0	24.0	(351)	(238)
Source Engine Asia Limited	35.0	35.0	-	-
Specialist Oncology Property Pty Limited	18.9	23.8	39	11
Supercorp Pty Limited (acquired in June 2007)	30.2	-	(5)	-
<b>Contribution by Associates to net profit</b>			<b>15,923</b>	<b>9,778</b>
<b>Contribution to net profit from Partnerships</b>				
Bulk Terminal Services (controlled from 1 August 2007***)	-	50.0	-	1,508
<b>Total contribution to net profit from Associates and Partnerships</b>			<b>15,923</b>	<b>11,286</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.

\*\*\*On 1st August 2007 Andrew Wright Holdings Pty Ltd (AWH), a fully owned subsidiary of New Hope Corporation Limited, acquired the remaining 50% equity in Queensland Bulk Handling Pty Ltd (QBH) and the Bulk Terminal Services (BTS) partnership for \$42.5 million. This transaction resulted in QBH and BTS becoming 100% owned by the New Hope Group. With effect from 1 August 2007, the operations of QBH and BTS were consolidated in the Group financial statements.

\*\*\*\* Washington H. Soul Pattinson and Company Limited has increased its holding in Apex Healthcare Berhad from 16.6% to 30.0%. Prior to 1 August 2007, this investment was previously classified as an 'Available for sale financial asset'.

# Washington H. Soul Pattinson and Company Limited

## Half year ended 31 January 2008

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### Notes to the Condensed Consolidated Financial Statements

#### **8 Contingent liabilities**

New Hope Corporation Limited has increased its estimate of contingent liabilities to \$14.9 million (from \$6.6 million at 31 July 2007) in respect of undertakings and guarantees. No losses are anticipated in respect of these contingent liabilities.

There are no other material changes to contingent liabilities of the Group since 31 July 2007.

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

##### **Extension of Financial Guarantee and indemnity by the Company for KH Foods Limited**

Subsequent to 31 January 2008, the Company has extended its guarantee and indemnity of the HSBC bank facility for KH Foods Limited until 30 September 2008. The guarantee facility is limited to a total of \$25 million. When the HSBC finance facility expires on 30 September 2008, WHSP has committed to provide a replacement cash facility of an equivalent amount to that drawn at that time, with a facility expiry date no earlier than 31 March 2009. This WHSP cash facility will be on normal commercial terms and conditions.

In addition to the above, WHSP has committed to provide an extension of the expiry date of the current undrawn \$7 million cash facility on normal commercial terms and conditions to no earlier than 31 March 2009.

##### **Proposed divestment of KH Foods Limited businesses**

On 5 February 2008 KH Foods Limited announced that, subject to gaining approval from its shareholders on 28 March 2008, it had agreed to divest its Balfours and Betabake businesses to a company associated with the San Remo Macaroni Group. These businesses represent KH Foods Limited's only remaining businesses.

##### **SP Telemedia Limited - Merger with TPG**

On 7 February 2008, SP Telemedia Limited executed an agreement to acquire 100% of the share capital of TPG Holdings Limited for consideration comprising \$150 million in cash and 270 million SP Telemedia Limited shares. This acquisition is subject to a number of conditions, including SP Telemedia shareholders approving the acquisition at a meeting to be held on 7 April 2008

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

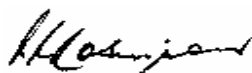
The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 4 to 23:
  - 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 2008 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 27<sup>th</sup> day of March 2008.

## PARTNERS:

Howard Badger CA  
 Andrew Blackwell CA  
 Chris Chandran CA  
 Martin Fowler CA  
 Stephen Humphrys FCA  
 Garry Leysdon FCA  
 Allan Mortel CA  
 Wayne Morton FCA  
 Joe Shannon CA  
 Robert Southwell CA  
 Spiro Tzannes FCA  
 Charlie Viola (Affiliate ICAA)  
 Scott Whiddett CA

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

## CONSULTANTS:

Anja Dorrell CA  
 Brett Sato CA  
 Bob Webster FCA

**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 2008, 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 2008 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 2008 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



**S.M. Whiddett**  
Partner

Dated in Sydney this 27<sup>th</sup> day of March 2008.