

Washington H Soul Pattinson and Company Limited

ASX & MEDIA RELEASE

11 APRIL 2006

LONGER TERM VIEW LIFTS SOUL PATTS DIVIDEND DESPITE HALF YEAR PROFIT DOWNTURN

- **Directors lift interim dividend 10% to 11 cents, fully franked**
- **Profit before non-regular items down 12% to \$48.9M**
- **Coal and building products the biggest profit contributors**
- **Downturn due to loss from KH Foods and reduced profit from SP Telemedia**
- **Listed investment portfolio valued at \$2.3 billion at 31 January**

Confidence in longer term growth prospects has enabled directors of investment house, Washington H Soul Pattinson and Company Limited (WHSP), to lift interim dividend despite a half year profit downturn.

Half year profit was affected by restructuring in two group companies, in food and telecommunications, but both operations are now positioned for improving performance.

The main contributions to WHSP profit were from coal and building products, with other positive contributions from equities investment, financial services, pharmaceuticals, where a turnaround is under way, and converged telecommunications and media.

Profit after tax and before non regular items for the half year to January 31 was \$48.9 million, a decrease of 12.1 per cent over the previous corresponding period of \$55.6 million.

From earnings per share of 16.8 cents (28.2 cents previously), directors have declared an 11 cent interim dividend fully franked, up 10 per cent from 10 cents previously.

Profit after tax and non-regular items was \$40.1 million, down 40.4 per cent, due to a loss on non-regular items of \$8.8 million from asset writedowns in group companies compared with a previous period non-regular profit of \$5.3 million profit from the sale of businesses.

WHSP chairman, Mr Robert Millner, said that while the board always preferred to see continually upward growth in profit, the group's overriding objective was to produce ongoing dividend growth.

"The group comprises diverse businesses at varying stages of development and in this period there has been some short term cost on the road to improving longer term prospects," Mr Millner said.

"Some businesses in the group have performed very well and others are now in a better shape to grow and this combination has given us confidence in lifting dividend," Mr Millner added.

New Hope Coal (61.6 per cent owned) recorded half year profit of \$40.3 million, similar to the previous corresponding half year although totally derived from Australian operations, which lifted profit 82 per cent

and compensated for the previous period's inclusion of Indonesian operations which have since been sold.

New Hope's Acland mine at Toowoomba contributed most of the profit and plans for its further expansion are under way, with promising prospects also coming from an increased exploration program in the Darling Downs and central Queensland.

Brickworks (49.5 per cent owned) lifted half year profit for the ninth consecutive period, with diverse revenue streams enabling a 15 per cent increase in profit to \$46.1 million despite a tough building products market.

With building approvals at a 25 year low in New South Wales, Brickworks national building products operations recorded a 35 per cent decline in profit which was offset by a profit of \$15.5 million from land and development compared with a negligible contribution in the previous corresponding half year.

WHSP's share portfolio lifted dividend income 10 per cent to \$9 million and Australian Pharmaceutical Industries (22 per cent owned) recorded a 1.2 per cent increase in profit to \$14 million in the first year of its three year turnaround strategy.

Performance by SP Telemedia (51 per cent owned) was affected by costs from absorbing acquisitions in retail telephony and wholesale telecommunications, although NBN Television increased profit.

Costs relating to significant items reduced profit to \$2.6 million from \$7.9 million but without these costs, profit would have increased 4 per cent to \$8.2 million, reflecting a doubling of cash flow from the expanded business.

SP Telemedia won several new contracts during the half year and after balance date reported an alliance with Austar for the delivery of wireless broadband to regional Australia.

Food operations through KH Foods (53.3 per cent owned) reported a loss of \$22.6 million, combining asset writedowns and a trading loss, but the effects of a new management team and installation of new equipment are expected to see the business self funding by the end of the 2007 financial year.

WHSP will pay its fully franked interim dividend on May 11 to shareholders registered on May 2.

ISSUED FOR : **WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED (ASX CODE: SOL)**

FOR FURTHER INFORMATION : **MR ROBERT MILLNER, CHAIRMAN, WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED, TEL: (02) 9232 7166**

ISSUED BY : WESTBROOK COMMUNICATIONS, CONTACT IAN WESTBROOK, TEL (02) 9231 0922 OR 0407 958 137

All copy of this news release can be downloaded from www.westbrookfin.com.au

About Washington H Soul Pattinson and Company Limited

www.whsp.com.au

Washington H Soul Pattinson is Australia's fourth oldest listed company. Beginning as a chemist shop in Pitt Street in 1872, the company listed on the Australian Stock Exchange 30 years later. Over the 103 years since listing, WHSP is the only Australian company to pay a dividend every year, including throughout the depression of the 1930s. Today, with a market capitalisation of approximately \$2.5 billion, WHSP is a diversified investor in basic commodities such as bricks, coal, equities, media, telecommunications, food, financial services and pharmaceuticals.