



ASX/MEDIA RELEASE

WHSP Reports Robust Half Year Profit Results

	2011	2010	Change
Revenue (\$000)	384,099	405,036	(5.2%)
Profit after tax before non-regular items (\$000)	87,102	97,069	(10.3%)
Profit after tax and non-regular items (\$000)	284,911	123,412	130.9%
Total earnings per share (cents)	119.4	51.7	130.9%
Regular earnings per share (cents)	36.5	40.7	(10.3%)
Interim dividend (cents)	15	14	7.1%

Thursday 24 March 2011: Diversified investment company, Washington H. Soul Pattinson and Company Limited (WHSP, ASX: SOL), today announced a Group profit **after tax before non-regular items** for the half year ended 31 January 2011 of \$87.1 million, down 10.3% on the previous corresponding period. The decrease was mainly attributable to a reduced contribution from New Hope Corporation Limited (New Hope) as a result of the stronger Australian dollar, increased transportation costs and wet weather.

The profit of the Group, **after tax and non-regular items**, was \$284.9 million, an increase of 130.9% from \$123.4 million for the previous corresponding period. The net profit on non-regular items was \$197.8 million, compared to \$26.3 million in the previous corresponding period. The difference is principally attributable to the Group's gain on the sale of Arrow Energy Limited shares by New Hope.

Interim dividend

Directors have declared an interim dividend of 15 cents per share in respect of the half year ended 31 January 2011, an increase of 7.1% over last year's interim dividend of 14 cents per share. The dividend will be fully franked and payable on 12 May 2011.

Investments

The market value of WHSP's listed investment portfolio, including controlled entities and associates, was \$4.13 billion as at 31 January 2011, compared to \$4.07 billion as at 31 July 2010. Excluding controlled entities and associates, the market value of the listed investment portfolio as at 31 January 2011 was \$530 million, compared to \$468 million at 31 July 2010.

During the half year Choiseul Investments Limited (Choiseul) merged with Milton Corporation Limited (Milton) resulting in the disposal of WHSP's Choiseul shares for a consideration of \$42.2 million and the acquisition of Milton shares for the same amount.

Other acquisitions during the period consisted of the reinvestment of dividends from associate TPG Telecom Limited totalling \$4.1 million and \$36.8 million invested in equities other than controlled entities and associates. The main acquisitions were Exco Resources Limited, Industrea Limited, Snowball Group Limited and Lindsay Australia Limited.

Major controlled entities' contributions:

- New Hope (59.7% held*) - contributed a net profit of \$243.6 million to the Group for the half year (2010: \$67.4 million, 60% holding).
- Pitt Capital Partners Limited (78.3% held*) - contributed a net profit of \$0.1 million to the Group (2010: \$0.1 million loss).

Major associated entities' contributions:

- Australian Pharmaceutical Industries Limited (24.6% held*) – contributed a net operating profit of \$3 million to the Group (2010: \$2.9 million). The Group's carrying value of API was impaired by \$23.6 million.
- Brickworks Limited (44.5% held*) – contributed a net profit of \$7.7 million to the Group (2010: \$4.7 million, holding 44.6%).
- Clover Corporation Limited (28.6% held*) – contributed a net profit of \$0.6 million to the Group (2010: \$0.5 million).
- Ruralco Holdings Limited (23.5% held*) – contributed a net profit of \$1 million to the Group (2010: \$0.5 million).
- TPG Telecom Limited (26.7% held*) – contributed a net profit of \$9.2 million to the Group (2010: \$7.9 million, 28.2% holding).

Outlook

Mr Robert Millner, Chairman of WHSP said: “We are pleased to deliver such a strong profit result to our shareholders. The Group has a robust balance sheet with cash reserves of \$2.24 billion and we do not have any external borrowings from financial institutions.

“While this puts us in an excellent position to pursue available investment opportunities, the current bevy of proposed taxes by the Federal Labor Government, such as the mining, carbon and flood taxes, is creating uncertainty in the investment market. These taxes are not only going to reduce profits, but will negatively impact growth and, in turn, a company's ability to employ staff at the same rate. It is likely that some companies will deploy their business overseas, further impacting employment levels in Australia.

“Our investments in controlled and associated entities are representative of almost 5,000 employees. These employees are already dealing with rising interest rates, increasing electricity prices and higher food and fuel prices.

“Under the proposed carbon tax, Brickworks could face a combined income/carbon tax of initially 45 per cent. Based on Brickworks' current CO₂ emission levels of 400,000 tonnes in 2009/10, which were reduced from 600,000, a carbon tax at \$20 per tonne would equate to an \$8 million (or 15%) reduction in earnings. At \$40 per tonne this increases to a \$16 million reduction in earnings (or 30%). In its current form, there is no reward for voluntary reductions of emissions.

“Companies such as New Hope already pay corporate tax and mining royalties to the Government. If all these additional taxes are legislated in their current form, mining companies could be paying in excess of 40 per cent of profit in tax, which is too much. It was less than ten years ago that the majority of mining companies were not profitable at all.”

Results briefing:

Robert Millner, Chairman of WHSP, will be presenting the results with a Q&A session afterwards today at the Hilton – Level 4, Room 1, 488 George Street, Sydney - 12.00pm, for 12.15pm start.

Please note that Brickworks (ASX: BKW) will be presenting at 12.15pm, prior to WHSP.

* Percentage of the issued capital of the company held by the WHSP Group as at 31 January 2011

About Washington H. Soul Pattinson & Company Limited

Washington H. Soul Pattinson & Company Limited (WHSP) is Australia’s second oldest listed company. Beginning as a chemist shop in Pitt Street, Sydney in 1872, the company listed on the Australian Securities Exchange 30 years later. Since listing, WHSP has paid a dividend every year, including throughout the depression of the 1930s. Today WHSP is a diversified investor in basic commodities such as building products, coal, equities, telecommunications, financial services and pharmaceuticals.

WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED (ASX CODE: SOL) www.whsp.com.au

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