

Washington H. Soul Pattinson and Company Limited

ABN 49 000 002 728

First Floor, 160 Pitt Street Mall, Sydney NSW 2000



ASX Appendix 4E & Preliminary final report 31 July 2009

Lodged with the ASX under Listing Rule 4.3A

Contents

Financial results for announcement to the market

Consolidated income statement

Consolidated balance sheet

Consolidated statement of changes in equity

Consolidated cash flow statement

Other Appendix 4E information

Reporting Period

The reporting period for this report is the financial year ended 31 July 2009.

The previous corresponding period is the financial year ended 31 July 2008.

Results for Announcement to the Market

| | | Current period 31 July 2009 | Previous period 31 July 2008 | Change |
|---|---------------------|--|---|------------------|
| | | \$'000 | \$'000 | \$'000 |
| Revenue from continuing operations | Up 13.7% to | 774,953 | 681,640 | 93,313 |
| Profit before non-regular items from ordinary activities after tax attributable to members | Up 98.6% to | 224,685 | 113,146 | 111,539 |
| Profit after tax and non-regular items attributable to members | Up 1,125% to | 1,112,652 | 90,828 | 1,021,824 |

Dividends

| | Cents per share | Franking % |
|---|----------------------------|-----------------------|
| This period | | |
| 1. Final dividend | 19c | 100% |
| 2. Special dividend | 25c | 100% |
| 3. Interim dividend | 13c | 100% |
| Previous corresponding period | | |
| 1. Final dividend | 18c | 100% |
| 2. Interim dividend | 12c | 100% |
| Record date for determining entitlements to final dividend: | 16 Nov 2009 | |
| Date the final dividend is payable: | 7 Dec 2009 | |

Comments on above results

- ** The increase in profit after tax and non-regular items attributable to members includes the \$1.03 billion gain on the sale of New Saraji coal project; increase in interest earned from the investment of the cash proceeds from the sale; increased operating profits from coal operations, partially offset by writedowns in the carrying value of equity accounted investments.
- ** Revenues on a like for like basis have increased for the 2009 period by \$363 million mainly attributable to increases in coal sales and interest revenue. The 2008 comparatives include revenues for SP Telemedia of \$269 million which ceased to be controlled from April 2008.
- ** Total dividends paid/payable for the year, including the special dividend of 25 cents per share fully franked, increased by 90% from the previous year.
- ** Refer Review of Operations for further information.

Washington H. Soul Pattinson and Company Limited
Year ended 31 July 2009

Earnings per share

| | 2009 | 2008 |
|--|---------------------|--------------|
| From continuing operations | | |
| Basic Earnings per Share | 466.49 cents | 43.59 cents |
| Diluted Earnings per Share | 466.49 cents | 43.59 cents |
| From discontinued operations | | |
| Basic Earnings per Share | (0.24) cents | (5.53) cents |
| Diluted Earnings per Share | (0.24) cents | (5.53) cents |
| From profit before non-regular items after tax | 94.15 cents | 47.41 cents |

Net tangible assets per security

| | 2009 | 2008 |
|--|----------------|--------|
| Net tangible asset backing per ordinary security | \$10.91 | \$6.52 |

Explanation of Profit after tax

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

Explanation of Net Profit

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

Review of Operations

As attached.

For personal use only

Washington H. Soul Pattinson and Company Limited
Year ended 31 July 2009

Consolidated Income Statement
For the year ended 31 July 2009

| | | Consolidated | |
|---|-------|---------------------|-------------|
| | Notes | 2009 | 2008 |
| | | \$'000 | \$'000 |
| Revenue from continuing operations | 3(i) | 774,953 | 681,640 |
| Other income | 3(i) | 2,429,851 | (7,970) |
| Cost of sales | | (259,768) | (340,706) |
| Selling and distribution expenses | | (88,966) | (106,751) |
| Administration expenses | | (42,442) | (69,026) |
| Occupancy expenses | | (4,000) | (4,831) |
| Other expenses | | (4,470) | (17,136) |
| Impairment of assets | 3(i) | (147,705) | (23,215) |
| Finance costs | | (1,478) | (3,870) |
| Share of results from equity accounted associates | 7 | (5,493) | 40,757 |
| Profit before income tax | | 2,650,482 | 148,892 |
| Income tax expense | | (798,595) | (35,901) |
| Profit after tax from continuing operations | | 1,851,887 | 112,991 |
| (Loss) after tax from discontinued operations | 4 | (578) | (13,191) |
| Profit after tax for the year | | 1,851,309 | 99,800 |
| Profit after tax attributable to minority interest | | (738,657) | (8,972) |
| Profit after tax attributable to members of Washington H. Soul Pattinson and Company Limited | | 1,112,652 | 90,828 |
| Profit before non-regular items from ordinary activities after tax attributable to members | | 224,685 | 113,146 |
| Profit/(Loss) from non-regular items after income tax attributable to members | 3(ii) | 887,967 | (22,318) |
| Profit after tax and non-regular items for the period attributable to members | | 1,112,652 | 90,828 |
| | | Cents | Cents |
| Earnings per share | | 2009 | 2008 |
| Basic and diluted earnings per share to ordinary equity holders of the Company | | | |
| Continuing operations | | 466.49 | 43.59 |
| Discontinued operations | 4 | (0.24) | (5.53) |
| Total earnings per share | | 466.25 | 38.06 |
| Weighted average number of shares used in calculating basic and diluted earnings per share | | 238,640,580 | 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 consolidated income statement should be read in conjunction with the accompanying notes.

Washington H. Soul Pattinson and Company Limited
Year ended 31 July 2009

Consolidated Balance Sheet
As at 31 July 2009

| | Consolidated | |
|---|------------------|------------------|
| | 31 July 2009 | 31 July 2008 |
| | \$'000 | \$'000 |
| Current assets | | |
| Cash and cash equivalents | 228,530 | 34,337 |
| Term deposits | 2,619,238 | 267,931 |
| Trade and other receivables | 48,956 | 45,937 |
| Inventories | 45,421 | 33,747 |
| Other financial assets at fair value through profit or loss | 45,056 | 74,544 |
| Derivative financial instruments | 14,525 | 8,363 |
| Non-current assets classified as held for sale | - | 7,139 |
| Other assets | 124 | 1,506 |
| Total current assets | 3,001,850 | 473,504 |
| Non-current assets | | |
| Trade and other receivables | 4,607 | 6,993 |
| Investments accounted for using the equity method | 526,798 | 671,894 |
| Available for sale financial assets | 924,907 | 794,452 |
| Other financial assets | 12,553 | 11,125 |
| Derivative financial instruments | 8,157 | 7,106 |
| Property, plant and equipment | 416,121 | 327,654 |
| Exploration and evaluation costs | 2,572 | 1,976 |
| Investment properties | 35 | 35 |
| Deferred tax assets | 38,700 | 16,033 |
| Intangible assets | 8,360 | 14,650 |
| Total non-current assets | 1,942,810 | 1,851,918 |
| Total assets | 4,944,660 | 2,325,422 |
| Current liabilities | | |
| Trade and other payables | 52,872 | 35,828 |
| Interest bearing liabilities | 33,827 | 28,623 |
| Current tax liabilities | 746,156 | 17,415 |
| Short-term provisions | 10,495 | 11,186 |
| Total current liabilities | 843,350 | 93,052 |
| Non-current liabilities | | |
| Deferred tax liabilities | 255,983 | 202,438 |
| Long-term provisions | 17,942 | 13,802 |
| Other | 122 | 135 |
| Total non-current liabilities | 274,047 | 216,375 |
| Total liabilities | 1,117,397 | 309,427 |
| Net assets | 3,827,263 | 2,015,995 |
| Equity | | |
| Contributed equity | 32,900 | 32,900 |
| Reserves | 768,942 | 744,033 |
| Retained profits | 1,841,068 | 793,887 |
| Parent entity interest | 2,642,910 | 1,570,820 |
| Minority interest | 1,184,353 | 445,175 |
| Total equity | 3,827,263 | 2,015,995 |

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

Washington H. Soul Pattinson and Company Limited
Year ended 31 July 2009

Consolidated Statement of Changes in Equity
For the year ended 31 July 2009

| Consolidated entity | Contributed equity \$'000 | Retained profits \$'000 | Reserves \$'000 | Total members equity \$'000 | Minority interests \$'000 | Total \$'000 |
|---|---------------------------------|-------------------------------|--------------------|--------------------------------------|---------------------------------|-----------------|
| Total equity at the beginning of the year - 1 August 2007 | 32,900 | 754,033 | 792,115 | 1,579,048 | 567,748 | 2,146,796 |
| Net movement in asset revaluation reserve, net of tax | - | 144 | (50,307) | (50,163) | 24,563 | (25,600) |
| Net movement in hedge reserve | - | - | 1,751 | 1,751 | 799 | 2,550 |
| Net movement in foreign currency translation reserve | - | - | (1,472) | (1,472) | (51) | (1,523) |
| Net movement in equity reserve | - | - | 1,035 | 1,035 | 3 | 1,038 |
| Recognising previously available-for-sale investment as an equity accounted associate | - | 3,892 | (357) | 3,535 | - | 3,535 |
| Net profit for the year after tax | - | 90,828 | - | 90,828 | 8,972 | 99,800 |
| Total recognised income and expense for the year | - | 94,864 | (49,350) | 45,514 | 34,286 | 79,800 |
| Dividends declared and paid | - | (54,535) | - | (54,535) | (32,270) | (86,805) |
| Contributions of equity, net of transaction costs | - | - | - | - | 94 | 94 |
| Net movement in share based payments reserve | - | 201 | 1,467 | 1,668 | 1,066 | 2,734 |
| Net movement in treasury reserve | - | - | (199) | (199) | (236) | (435) |
| Acquisition of additional ownership in subsidiaries | - | (606) | - | (606) | (6,572) | (7,178) |
| Equity transfer from members on issue of share capital in controlled entities | - | (70) | - | (70) | 70 | - |
| Equity transfer – minority interests share of SP Telemmedia Limited no longer controlled by the Group | - | - | - | - | (119,011) | (119,011) |
| Total equity at the end of the year - 31 July 2008 | 32,900 | 793,887 | 744,033 | 1,570,820 | 445,175 | 2,015,995 |
| Total equity at the beginning of the year - 1 August 2008 | 32,900 | 793,887 | 744,033 | 1,570,820 | 445,175 | 2,015,995 |
| Net movement in asset revaluation reserve, net of tax | - | - | 29,674 | 29,674 | 34,039 | 63,713 |
| Net movement in hedge reserve | - | - | 2,568 | 2,568 | 2,117 | 4,685 |
| Net movement in foreign currency translation reserve | - | - | (1,423) | (1,423) | 5 | (1,418) |
| Net movement in equity reserve | - | - | (3,488) | (3,488) | - | (3,488) |
| Net profit for the year after tax | - | 1,112,652 | - | 1,112,652 | 738,657 | 1,851,309 |
| Total recognised income and expense for the year | - | 1,112,652 | 27,331 | 1,139,983 | 774,818 | 1,914,801 |
| Dividends declared and paid | - | (58,296) | - | (58,296) | (51,409) | (109,705) |
| Contributions of equity, net of transaction costs | - | - | - | - | 10,546 | 10,546 |
| Net movement in share based payments reserve | - | - | (2,422) | (2,422) | 629 | (1,793) |
| Acquisition of additional ownership in subsidiaries | - | 44 | - | 44 | (3,593) | (3,549) |
| Equity transfer from members on issue of share capital in controlled entities | - | (7,219) | - | (7,219) | 8,187 | 968 |
| Total equity at the end of the year - 31 July 2009 | 32,900 | 1,841,068 | 768,942 | 2,642,910 | 1,184,353 | 3,827,263 |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Washington H. Soul Pattinson and Company Limited
Year ended 31 July 2009

Consolidated Cash Flow Statement
For the year ended 31 July 2009

| | Consolidated | |
|---|---------------------|-----------|
| | 2009 | 2008 |
| | \$'000 | \$'000 |
| Cash flows from operating activities | | |
| Receipts from customers inclusive of GST | 626,789 | 672,626 |
| Receipt of GST on sale of the New Saraji coal project | 245,000 | - |
| Payments to suppliers and employees inclusive of GST | (388,656) | (571,412) |
| Payment of GST on sale of the new Saraji coal project | (245,000) | - |
| | 238,133 | 101,214 |
| Dividends received | 53,124 | 56,646 |
| Interest received | 40,059 | 25,561 |
| Finance costs | (280) | (3,652) |
| Income taxes paid | (65,417) | (53,342) |
| Net cash inflow from operating activities | 265,619 | 126,427 |
| Cash flows from investing activities | | |
| Payment for property, plant and equipment and intangibles | (128,427) | (60,362) |
| Proceeds from sale of property, plant and equipment | 2,450,523 | 1,865 |
| Costs incurred on the sale of the New Saraji coal project | (670) | - |
| Net (payments) proceeds for investments held to maturity | (2,223,898) | 25,192 |
| Payments for investments | (79,750) | (65,004) |
| Proceeds from sale of investments | 28,943 | 18,494 |
| Acquisition of subsidiary, net of cash acquired | (576) | (41,257) |
| Cash outflow from loss of control of a subsidiary | (1,751) | (31,998) |
| Proceeds from divestment of business units | - | 22,117 |
| Loans advanced | (1,544) | (2,272) |
| Loan repayments received | 1,066 | 217 |
| Net cash inflow (outflow) from investing activities | 43,916 | (133,008) |
| Cash flows from financing activities | | |
| Proceeds from issues of equity | 9,967 | 93 |
| Dividends paid | (125,385) | (101,457) |
| Proceeds from borrowings | 3,961 | 10,577 |
| Repayment of borrowings and leases | - | (41,165) |
| Restricted cash released | - | 553 |
| Net cash (outflow) from financing activities | (111,457) | (131,399) |
| Net increase (decrease) in cash and cash equivalents | 198,078 | (137,980) |
| Cash and cash equivalents at the beginning of the year | 34,337 | 173,272 |
| Effects of exchange rate changes on cash and cash equivalents | (3,885) | (955) |
| Cash and cash equivalents at the end of the year | 228,530 | 34,337 |

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

Notes to the Consolidated Financial Statements

1. Basis of Preparation

This preliminary financial report for the year ended 31 July 2009 has been prepared in accordance with Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

This report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this report 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 reporting period in accordance with continuous disclosure requirements of the Corporations Act 2001.

The accounting policies are consistent with those of the previous financial year.

This preliminary report was authorised by the directors on 24th September 2009.

For personal use only

Notes to the Consolidated Financial Statements

2. Segment Information

Primary reporting format – business segments

| 2009 | Investing activities | Coal mining | Consulting | Intersegment eliminations/ unallocated | Total continuing operations | Discontinued operations - Bakery | Intersegment eliminations/ unallocated | Total discontinued operations | Consolidated |
|--|-------------------------|-------------|------------|--|--|--|--|--|---------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue from external customers | 57,899 | 700,785 | 4,755 | 11,514 | 774,953 | 202 | - | 202 | 775,155 |
| Intersegment revenue | 82,083 | - | 31,272 | (113,355) | - | - | - | - | - |
| Total revenue | 139,982 | 700,785 | 36,027 | (101,841) | 774,953 | 202 | - | 202 | 775,155 |
| Share of results from equity accounted associates | (1,915) | - | 87 | (3,665) | (5,493) | - | - | - | (5,493) |
| Other income | | | | | | | | | |
| - gain on sale of the New Saraji coal asset | - | 2,411,352 | - | 29,000 | 2,440,352 | - | - | - | 2,440,352 |
| - gain on sale of investments | 8,461 | - | - | - | 8,461 | - | - | - | 8,461 |
| - loss on revaluing other financial assets to fair value | (19,161) | - | - | - | (19,161) | - | - | - | (19,161) |
| - other | 374 | (175) | - | - | 199 | - | - | - | 199 |
| Total other income | (10,326) | 2,411,177 | - | 29,000 | 2,429,851 | - | - | - | 2,429,851 |
| Total segment revenue/income | 127,741 | 3,111,962 | 36,114 | (76,506) | 3,199,311 | 202 | - | 202 | 3,199,513 |
| Segment results | (62,657) | 2,772,114 | 24,883 | (83,858) | 2,650,482 | (473) | 247 | (226) | 2,650,256 |
| Income tax (expense) | | | | | (798,595) | | | - | (798,595) |
| Loss on disposal of discontinued after tax | | | | | - | (352) | - | (352) | (352) |
| Net profit/(loss) for the year | | | | | 1,851,887 | | | (578) | 1,851,309 |
| Impairment (expenses) / writeback included in segment results | | | | | | | | | |
| - Impairment of equity accounted associates | (127,901) | - | - | - | (127,901) | - | - | - | (127,901) |
| - Impairment of listed equity investments | (12,082) | (2,398) | - | - | (14,480) | - | - | - | (14,480) |
| - Impairment of goodwill | (4,953) | - | - | - | (4,953) | - | - | - | (4,953) |
| - Impairment of other assets | (371) | - | - | - | (371) | - | - | - | (371) |
| Total impairment (expense) | (145,307) | (2,398) | - | - | (147,705) | - | - | - | (147,705) |
| Depreciation / amortisation | (2,125) | (28,622) | (147) | - | (30,894) | - | - | - | (30,894) |

Notes to the Consolidated Financial Statements

2. Segment Information (continued)

Primary reporting format – business segments

| 2008 | Investing activities \$'000 | Telecomm- unications \$'000 | Coal mining \$'000 | Consulting \$'000 | Intersegment eliminations/ unallocated \$'000 | Total continuing operations \$'000 | Discontinued operations - Bakery \$'000 | Intersegment eliminations/ unallocated \$'000 | Total discontinued operations \$'000 | Consolidated \$'000 |
|---|-----------------------------------|-----------------------------------|-----------------------|----------------------|--|---|--|--|---|--------------------------------|
| Revenue from external customers | 61,683 | 269,160 | 329,787 | 9,849 | 11,161 | 681,640 | 39,026 | - | 39,026 | 720,666 |
| Intersegment revenue | 47,810 | 259 | - | 3,703 | (51,772) | - | - | - | - | - |
| Total revenue | 109,493 | 269,419 | 329,787 | 13,552 | (40,611) | 681,640 | 39,026 | - | 39,026 | 720,666 |
| Share of results from equity accounted associates | 41,089 | - | - | 73 | (405) | 40,757 | - | - | - | 40,757 |
| Other income | | | | | | | | | | |
| - gain on sale of investments | 6,200 | - | - | - | - | 6,200 | - | - | - | 6,200 |
| - gain on sale and on revaluing other financial assets to fair value | (14,920) | - | - | - | - | (14,920) | - | - | - | (14,920) |
| - other | 189 | 21 | 540 | - | - | 750 | - | - | - | 750 |
| Total other income | (8,531) | 21 | 540 | - | - | (7,970) | - | - | - | (7,970) |
| Total segment revenue/income | 142,051 | 269,440 | 330,327 | 13,625 | (41,016) | 714,427 | 39,026 | - | 39,026 | 753,453 |
| Segment results | 62,074 | (6,680) | 128,729 | 2,174 | (37,405) | 148,892 | (16,370) | 558 | (15,812) | 133,080 |
| Income tax (expense) | | | | | | (35,901) | | | - | (35,901) |
| Gain on sale of discontinued after tax | | | | | | - | 2,621 | - | 2,621 | 2,621 |
| Net profit/(loss) for the year | | | | | | 112,991 | | | (13,191) | 99,800 |
| Impairment (expenses) /writeback included in segment results | | | | | | | | | | |
| - Impairment of equity accounted associates | (14,135) | - | - | - | - | (14,135) | - | - | - | (14,135) |
| - Impairment of listed equity investments | (3,483) | - | - | - | - | (3,483) | - | - | - | (3,483) |
| - Impairment of goodwill | (665) | - | - | (93) | - | (758) | - | - | - | (758) |
| - Impairment of other assets | (4,656) | (183) | - | - | - | (4,839) | (5,174) | - | (5,174) | (10,013) |
| Total impairment (expense) | (22,939) | (183) | - | (93) | - | (23,215) | (5,174) | - | (5,174) | (28,389) |
| Depreciation / amortisation | (1,913) | (35,251) | (24,999) | (120) | - | (62,283) | (641) | - | (641) | (62,924) |

Note: The Telecommunications segment represents SP Telemedia Limited's revenue and results for the period commencing 1 August 2007 and ending 7 April 2008.

Washington H. Soul Pattinson and Company Limited
Year ended 31 July 2009

Notes to the Consolidated Financial Statements

3. Profit for the year

(i) Profit before income tax expense

Profit from continuing operations for the year includes the following items that are significant because of their size, nature or incidence:

| | 2009 \$'000 | 2008 \$'000 |
|--|------------------|-----------------|
| (a) Revenue | | |
| Sales revenue | 577,101 | 625,190 |
| Dividend revenue | 21,834 | 24,057 |
| Interest revenue | 169,029 | 26,320 |
| Other | 6,989 | 6,073 |
| | <u>774,953</u> | <u>681,640</u> |
| | | |
| (b) Other income | | |
| Gain on sale of the New Saraji coal project | 2,440,352 | - |
| Fair value losses on financial assets at fair value through profit or loss | (19,161) | (14,920) |
| Gains on sale of investments | 8,461 | 6,200 |
| Other | 199 | 750 |
| | <u>2,429,851</u> | <u>(7,970)</u> |
| | | |
| (c) Expenses | | |
| Impairment of equity accounted associates (1) | (127,901) | (14,135) |
| Impairment of listed equity investments (2) | (14,480) | (3,483) |
| Impairment of goodwill | (4,953) | (758) |
| Impairment of other assets | (371) | (4,839) |
| | <u>(147,705)</u> | <u>(23,215)</u> |

(1) The recoverable amount of investments in equity accounted associates is reviewed at each reporting date after taking into consideration any applicable impairment indicators. At the half year ended 31 January 2009, several associates were considered to be impaired and an impairment expense was recognised. At 31 July 2009, an additional impairment expense has been recognised for Ruralco Limited (\$5.4 million). In addition to this expense, a reversal of impairment amounting to \$50.8 million relating to the Group's holding in SP Telemedia Limited, has been recognised through profit and loss during the 2nd half 2009. Directors consider that the circumstances that gave rise to the initial impairment expense at 31 January 2009, no longer existed at year end. Refer to note 7.

(2) During the year ended 31 July 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 management consider the investment 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 in subsequent periods. Any future increments in the bid price of an impaired investment is to be recognised as a fair value increment in the asset revaluation reserve.

Washington H. Soul Pattinson and Company Limited
Year ended 31 July 2009

Notes to the 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 | 8,452 | 4,580 |
| Profit on sale of the New Saraji coal project | 1,031,082 | - |
| Gain on sale of businesses | - | 3,313 |
| Gain/(loss) of control of a controlled entity | (352) | (9,660) |
| Operating losses attributable to minority interest absorbed by parent entity interest | (30) | (1,840) |
| Impairment and bad debt expense | (138,498) | (13,446) |
| Share of significant revenue and expenses from associate entities and joint venture entities | (43,382) | (2,793) |
| Restructure and other corporate costs | - | (4,547) |
| Tax credits | 32,286 | 1,248 |
| Other non-regular items | (1,591) | 827 |
| | 887,967 | (22,318) |

For personal use only

Washington H. Soul Pattinson and Company Limited
Year ended 31 July 2009

Notes to the Consolidated Financial Statements

4. Discontinued operation

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

In March 2009, KHF was placed into members' voluntary liquidation. From this date, KHF was no longer controlled by the Group.

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

| | 2009 | 2008 |
|---|---------------------|--------------|
| <u>Results of discontinued operation</u> | \$'000 | \$'000 |
| | Bakery | Bakery |
| Revenue | 202 | 39,026 |
| Expenses | (428) | (49,664) |
| Results from operating activities | (226) | (10,638) |
| Impairment (charge) | - | (5,174) |
| Income tax (expense) / credit | - | - |
| Results from operating activities, net of income tax | (226) | (15,812) |
| (Loss) / gain on disposal of discontinued operation | (352) | 2,621 |
| Income tax on (loss) / gain on disposal of discontinued operation | - | - |
| (Loss) / gain on disposal of discontinued operation after income tax | (352) | 2,621 |
| (Loss) from discontinued operations | (578) | (13,191) |
| (Loss) from discontinued operation attributable to members | (578) | (13,191) |
| Basic earnings per share (cents) | (0.24) cents | (5.53) cents |
| Diluted earnings per share (cents) | (0.24) cents | (5.53) cents |
| <u>Cash flows from discontinued operation</u> | | |
| Incorporated in the consolidated cash flow statement are the following net cash movements relating to the discontinued operation: | \$'000 | \$'000 |
| Net cash (outflow) from operating activities | (2,146) | (17,022) |
| Net cash (outflow)/inflow from investing activities | (1,751) | 21,669 |
| Net cash (outflow) from financing activities | - | (18,740) |
| Net cash (outflow) from discontinued operation | (3,897) | (14,093) |

Washington H. Soul Pattinson and Company Limited
Year ended 31 July 2009

Notes to the Consolidated Financial Statements

5. Dividends

| | | \$'000 | Amount per security CPS | Franking per security CPS |
|------------------------------|--|---------------|----------------------------------|------------------------------------|
| Final dividend 2009 | Final dividend not recognised in retained profits, to be paid on 7 December 2009 | 45,342 | 19.0c | 19.0c |
| | Previous corresponding year, paid on 8 December 2008 | 42,955 | 18.0c | 18.0c |
| Special dividend 2009 | Special dividend not recognised in retained profits, to be paid on 7 December 2009 | 59,660 | 25.0c | 25.0c |
| Interim dividend | Interim dividend paid on 14 May 2009 | 31,023 | 13.0 | 13.0 |
| | Previous corresponding year, paid on 8 May 2008 | 28,637 | 12.0 | 12.0 |

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

Entities no longer controlled

During the year ended 31 July 2009, the Group ceased to control the following entities:

KH Foods Limited (in liquidation) (KHF)

KHF was placed into members' voluntary liquidation on Monday 23 March 2009. From this date, KHF was no longer controlled by the Group.

For personal use only

Washington H. Soul Pattinson and Company Limited
Year ended 31 July 2009

Notes to the 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 year ** | |
|--|---|----------------|--|-----------------|
| | July 2009 % | July 2008 % | 2009 \$000 | 2008 \$000 |
| Associates – held by WHSP | | | | |
| Brickworks Limited | 49.4 | 49.5 | (24,100) | 37,748 |
| Australian Pharmaceutical Industries Limited | 24.6 | 24.6 | 3,879 | 770 |
| Ruralco Holdings Limited (i) | 23.5 | 21.0 | 2,177 | - |
| SP Telemedia Limited (ii) | 28.5 | 27.5 | 4,939 | (4,658) |
| Apex Healthcare Berhad | 30.3 | 30.3 | 1,930 | 1,476 |
| Clover Corporation Limited | 28.6 | 28.6 | 880 | 1,181 |
| Keith Harris & Company (Far East) Pte Limited | 49.0 | 49.0 | 271 | 242 |
| Windsor Farm Foods Limited (iii) | - | 30.0 | - | - |
| Associates – held by Controlled entities*** | | | | |
| Ampcontrol Pty Limited | 45.0 | 45.0 | 3,448 | 3,811 |
| Austgrains Pty Limited | 48.0 | 48.0 | 25 | (13) |
| Asian Property Investments Limited (iv) | - | 19.4 | - | 998 |
| Belaroma Coffee Pty Ltd | 40.0 | 40.0 | 109 | 138 |
| InterRISK Australia Pty Ltd (v) | 40.0 | - | 499 | - |
| Krispy Kreme Holdings Australia Pty Ltd (vi) | - | 24.0 | - | (1,056) |
| Specialist Oncology Property Pty Limited | 21.3 | 21.3 | 135 | 103 |
| Supercorp Pty Limited | 30.2 | 30.2 | 315 | 17 |
| Share of results from equity accounted associates before impairment | | | (5,493) | 40,757 |
| Impairment of investment in associates (refer note 3i) | | | | |
| - Australian Pharmaceutical Industries Limited | | | (101,137) | - |
| - Ruralco Holdings Limited | | | (18,557) | - |
| - Other associates | | | (8,207) | (14,135) |
| Total impairment of investment in associates | | | (127,901) | (14,135) |
| Share of results and impairment from equity accounted associates | | | (133,394) | 26,622 |

* 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) WHSP disposed of its interest in Windsor Farms Foods Limited in June 2009.

(iv) 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.

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

(vi) 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
Year ended 31 July 2009

Notes to the Consolidated Financial Statements

8. Contingent liabilities

New Hope Corporation Limited has decreased its estimate of contingent liabilities to \$14.5 million (from \$14.9 million at 31 July 2008) 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 2008.

9. Events occurring after the balance sheet date

On 8 September 2009, the controlled entity, New Hope Corporation Limited, through its wholly owned subsidiary Hueridge Pty Ltd, acquired a 13% interest in Planet Gas Limited. New Hope acquired 17,469,151 shares for a total consideration of \$4,509,569.

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

10. Other significant information

Please refer to the review of operations contained in this report.

11. Audit

This report is based on financial statements that are in the process of being audited.

For personal use only