WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED

A.B.N. 49 000 002 728

ASX APPENDIX 4D

&

HALF YEAR REPORT

31 January, 2006

Contents

ASX Appendix 4D

Lodged with the ASX in accordance with Listing Rule 4.3A

SOL App 4D 31.1.06

Washington H. Soul Pattinson and Company Limited

ABN 49 000 002 728

Half Yearly Report

Reporting period: **Half year ended 31 January, 2006**

Previous corresponding period: Half year ended 31 January, 2005

Results for announcement to the market

			$000
Revenue from ordinary activities	Up 93.2%	**to**	477,868
Operating profit before income tax from Continuing Operations	Up 1.2 %	**to**	66,577
Profit after tax before non regular items attributable to members	Down 12.1%	**to**	48,899
Profit after tax and non regular items attributable to members	Down 40.4%	**to**	40,096

Dividends

	Cents per share	Franking %
This period		
Interim Dividend	11c	100%
Previous corresponding period		
Interim Dividend	10c	100%
Record date for determining entitlements to interim dividend		**2 May, 2006**
Ex Dividend Date		**26 April, 2006**
Date the interim dividend is payable		**11 May, 2006**

Comments on above results

** **Decrease in profit due to losses in controlled entities particularly KH Foods Limited**

** **Reduced contribution from associates within the SP Telemedia Limited Group**

** **Interim dividend increased by 10% to 11 cps**

** **Increase in revenue due to inclusion of the full period reporting of B Digital revenue and a 54% increase in revenue in the New Hope Corporation Limited Group**

Washington H. Soul Pattinson and Company Limited

A.B.N. 49 000 002 728

Directors' Report

Half Year Ended 31st January, 2006

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, 2006.

DIRECTORS

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

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

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

Peter Raymond Robinson B. Com.
Executive Director, appointed 1984

David John Fairfull B.Com., A.C.I.S., C.P.A., A.S.I.A.
Executive Director, appointed 1997.

Mr. David Edward Wills B.Com (UNSW), F.C.A.
Independent Non-executive Director, appointed 2006

Mr. Robert Gordon Westphal B. Com, F.C.A., F Fin., M.A.I.C.D.
Independent Non-executive Director, appointed 2006

CONSOLIDATED RESULT

The Profit of the Group, **after tax before non regular items**, attributable to shareholders for the half year ended 31 January, 2006 was $48.9 million, a decrease of 12.1% over the previous corresponding period. The decrease in profit during the half year is attributable to losses in controlled entities, particularly KH Foods Limited, as well as a reduced contribution from associates within the SP Telemedia Limited Group.

The Profit of the Group, **after tax and non-regular items**, was $40.1 million, a decrease of 40.4% over the previous corresponding period. The loss on non regular items of $8.8 million was mainly due to the impairment of intangible assets and plant and equipment in controlled entities following the adoption of AIFRS. Additionally, in the previous corresponding period, non regular items included a profit on the sale of businesses of $5.3 million which was not repeated in this half year.

Operating profit before income tax from continuing operations increased by 1.2% to $66.6 million.

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

	2006 $000	2005 $000		% Change
Revenue	477,868	247,345	+	93.2%
Operating profit before income tax from continuing operations	66,577	65,804	+	1.2%
Profit after tax before non regular items	48,899	55,628	-	12.1%
Profit after tax and non regular items	40,096	67,301	-	40.4%
Share of Net profits of Associates	13,369	15,399	-	13.2%
Earnings per share before non regular items	20.5c	23.3c	-	12.1%
Interim Dividend	11.0c	10.0c	+	10.0%

DIVIDENDS

Directors have declared an interim dividend of 11 cents per share in respect of the half year ended 31st January, 2006 an increase of 10% over last year's interim dividend of 10 cents per share. The dividend will be fully franked and payable on 11 May, 2006.

Since the commencement of the financial year the Company has paid a final dividend for the year ended 31 July, 2005 of 15.0 cents per share and two special dividends totalling 15.0 cents per share. Both the final and special dividends were fully franked.

REVIEW OF OPERATIONS

INVESTMENTS – Share Portfolio

The market value of the listed investment portfolio, including listed controlled entities and associates, was $2.3 billion as at 31 January, 2006, a slight increase on the $2.2 billion valuation at year end 31 July, 2005.

During the half year $29 million was invested in the equity market which included $26 million for the acquisition of a 19% holding in Roberts Limited. Proceeds from disposals totalled $5 million and included the sale of Colorado Group Limited, Metcash Limited, Onesteel Limited and Suncorp Metway Limited, The previously announced capital return by New Hope Corporation Limited of $49 million was received in December, 2005.

Dividend income from investments, excluding controlled entities and associates, was $9 million in this half year, an increase of 10% compared with the previous corresponding period. Special and increased dividends from Ruralco Limited, Bank of Queensland, BHP Billiton Limited and Choiseul Investments Limited contributed to the increase.

INVESTMENTS – Associated Entities

Australian Pharmaceutical Industries Limited (API) (Group shareholding 22%)
API's net profit after tax for the half year ended 31 October, 2005 was $14 million, an increase of 1.2% over the previous corresponding period. Sales revenue of $1.6 billion showed an increase of 16.6%. The first half results were impacted by several one-off items, including redundancies in both the Pharmacy Distribution business and the Manufacturing Division as well as certain IT related costs.

API continues to make progress in the first year of its three year turnaround strategy with the focus now on growth opportunities. API's Manufacturing Division has completed its relocation to New Zealand and is focused on API's range of private label and exclusive products. The Retail Division has been making strong progress in building brand equity behind API's retail brands.

On 14 December, 2005 API announced the sale of its New Zealand healthcare logistics business, trading as Healthcare Logistics and ProPharma, for NZ$40 million. Following the sale API still retains significant assets in New Zealand, including the wholly owned Healthcare Manufacturing Group, which manufactures a range of products from two plants in Auckland, including API's Private Label range.

API maintained its interim dividend of 6.25 cents per share.

Brickworks Limited (Brickworks) (Group shareholding 49.8%)
Brickworks net profit after tax for the half year ended 31 January, 2006 was $48.4 million, an increase of 24% over the previous corresponding period. The profit was based on revenues of $258.9 million and is the ninth consecutive increase in first half profit.

Building Products recorded a 25% decline in earnings for the half year, however, net profit after tax from Land and Development was $10.9 million compared to a negligible contribution in the previous corresponding period. Nationally, building approvals declined by 10% in the six months to 31 January, 2006 which was in line with expectations.

Earnings per share increased by 32% to 36.5 cents per share for the half year under review.

Brickworks directors have declared an increased fully franked interim dividend of 11 cents per share, up 10% on last year.

Brickworks has continued its net debt reduction program during the period, with net debt reducing by $7.1 million to $182.6 million since 31 July, 2005.

Capital expenditure of $23.5 million was incurred during the half year mainly due to the construction of the new brick plant at Wollert in Victoria. The main building is nearing completion and brick production is scheduled for February, 2007.

Realisation of surplus land holdings during the period was centred on the sale of land at the M7 Business Hub property to Coca Cola Amatil. The development of the M7 Business Hub property in conjunction with joint venture partner Macquarie Goodman is continuing and is expected to underpin sales in the second half.

Brickworks associated entity Brickworks Investment Company Limited (BKI) has reported a net profit after tax of $7.7 million for the half year ended 31 December, 2005, an increase of 31% over the previous corresponding period. The value of Brickworks investment in BKI increased by 8% to $54.5 million during the period.

Clover Corporation Limited (Clover) (Group shareholding 29%)
Clover's net profit after tax for the half year ended 31 December, 2005 was $461,000, an increase of 5% over the corresponding period in 2005. Clover's profit and sales for the period were affected by the transfer of sales of $1.2 million to the next reporting period due to goods not being received by overseas customers until January, 2006. Except for that transfer Clover's profit would have increased 116% over the same period last year.

Clover's growth in Omega³DHA sales revenue came predominately from the infant nutrition and powdered supplement categories in Asia and New Zealand where its customer base has increased.

Clover's operating subsidiary, Nu-Mega Ingredients Pty. Limited (Nu-Mega), continues to be extremely active in the marketplace and is currently involved in a number of product innovation projects including, new microencapsulation technology, installation of deodorising equipment at Altona and nut replacement technology using NuSoy technology.

Clover is also involved in a single cell fermentation project with the CSIRO, focused on developing new sources of Omega³DHA. The project, which is in its early stages, is being funded, dollar for dollar, by a Commonwealth Government Food Innovation Grant.

CONTROLLED ENTITIES

New Hope Corporation Limited Group (NHC) (Group Shareholding 61.6%)
NHC's profit after tax and outside equity interest for the half year ended 31 January, 2006 was $40.3 million, a decline of 4% on the previous corresponding period which included a profit contribution of $19.7 million from NHC's overseas operations sold in June, 2005.

Saleable coal production was steady during the period at 1.8 million tonnes, whilst coal sold increased by 23% to 2 million tonnes. Increased revenues have more than offset the higher costs of production which have been driven by higher fuel prices.

The Acland mine near Toowoomba accounted for 74% of total production with the balance of 26% coming from the West Moreton mines near Ipswich. The Acland Stage 2 expansion is on schedule for completion in April, 2007, subject to receiving appropriate Government approvals, and will provide the Acland mine with an overall potential capacity of 3.5 to 4.0 million tonnes per year. The additional capacity at Acland will offset the declining capacity from the West Moreton operations as coal reserves are mined out.

NHC has declared a fully franked interim dividend of 2 cents per share for the half year ended 31 January, 2006.

Bulk handling operations of NHC's associates, Queensland Bulk Handling Pty. Ltd. (QBH) and Queensland Commodity Exports Pty. Ltd. (QCE) both contributed positively during the period. NHC has received an offer for its 33.3% equity in QCE and negotiations are continuing with the aim of disposing of this asset.

NHC has continued exploration activities in the Darling Downs in South East Queensland aimed at open cut thermal coal deposits as well as in Central Queensland for both open cut and underground coking and thermal coal deposits. Drilling activities have confirmed the presence of thermal coal in the Darling Downs Exploration Permits for Coal (EPC's) and these will be evaluated over the next few years. Hard coking coal drill intersections have been encountered in two EPC's in Central Queensland. NHC's increase in exploration activities is reflected by these expenditures being some 136% higher than in the corresponding period last year.

After returning $180 million to shareholders from the disposal of its international coal assets, NHC currently has funds of approximately $400 million for use in optimizing its base business and funding exploration and development.

Telemedia - SP Telemedia Limited (SPT) (Group Shareholding 51%)
SPT reported a net profit after tax for the half year ended 31 January, 2006 of $2.6 million. The result was impacted by a number of significant items including management restructure at B Digital, full accounting period for SPT Com (formerly Comindico) and major write-offs by B Digital in its investment in the B Shop joint venture and amortisation of intangibles.
Except for the significant items referred to above, SPT's net profit after tax for the period was $8.2 million, an increase of 4% on the previous corresponding period.

SPT's net cash generation from operating activities has more than doubled during the period to $18.7 million and is a strong indication of the underlying operating performance of the SPT Group.

SPT has declared a fully franked interim dividend for the half year ended 31 January, 2006 of 1.2 cents per share.

An announcement was made on 29 March, 2006 that SPT had formed an alliance with Austar for the delivery of wireless broadband to regional Australia. The alliance will introduce an alternative broadband infrastructure which is a key objective of the Federal Government under the Broadband "Connect" program.

KH Foods Limited (KHF) (Group shareholding 53.3%)
KH Foods Limited has reported an operating loss after tax of $22.6 million for the half year ended 31 January, 2006. Excluding non-trading items and the asset impairment of intangibles and plant and equipment, KHF's trading loss was $13.9 million, which compares with a bakery division trading loss after tax of $11.1 million for the previous corresponding period.

The operating results are behind original forecasts and as a result a new management team and organisational structure has been installed to drive KHF to a self funding position by the end of the 2007 financial year. Initiatives being undertaken by the new management team include the installation of new plant and equipment to reduce manufacturing overheads and a more focused approach to product range and customers, which is expected to show sales and margin improvements in the short term.

KHF has continued to experience working capital issues and Washington H. Soul Pattinson and Company Limited (WHSP) has agreed, in principle, subject to the receipt of appropriate security, to both short term support for KHF and its restructure in due course. WHSP has also agreed to retain its existing loans to KHF and has recently guaranteed a short term loan facility for working capital requirements.

Pitt Capital Partners Limited (PCP) (Group shareholding 53%)
PCP produced a small profit for the half year ended 31 January, 2006 and revenue was down on the same period last year. However, current work in progress alone should deliver improved results in the second half of the financial year.

ROUNDING OFF
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
A copy of the auditors' independence declaration as required under section 307(c) of the Corporations Act 2001 in relation to the review of the interim financial report for the half year ended 31 January, 2006 is attached and forms part of this report.

Dated at Sydney this 11th day of April, 2006

Signed in accordance with a resolution of the Directors:

R.D. MILLNER

P.R. ROBINSON

MOORE STEPHENS

PARTNERS:
Andrew Blackwell CA
Stephen Humphrys FCA
Garry Leyshon FCA
Joe Shannon CA
Robert Southwell CA
Spiro Tzannes FCA
Charlie Viola (Affiliate ICAA)
Bob Webster FCA
Scott Whiddett CA

CONSULTANTS:
Pat Bugden FCA
Anja Dorrell CA

Auditors' Independence Declaration

As lead auditor for the review of Washington H. Soul Pattinson & Company Limited for the half year ended 31 January 2006, 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 & Company Limited.

S.M. Whiddett
Partner

MOORE STEPHENS SYDNEY

Dated in Sydney this 10th day of April 2006

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Washington H. Soul Pattinson and Company Limited
and its controlled entities

Condensed Consolidated Income Statement
For the half year ended 31 January, 2006

	2006 **$000**	2005 $000
Operating Profit after Income Tax before Non Regular Items	48,899	55,628
Non Regular Items after Income tax	(8,803)	11,673
Revenue from continuing operations	**477,868**	247,345
Less Expenses excluding Finance Costs	**424,926**	195,012
Less Finance Costs	**1,488**	3,290
Share of Net Profits of Associates	**13,369**	15,399
Share of Partnership Profits	**1,754**	1,362
Operating Profit before Income Tax	**66,577**	65,804
Less Income Tax Expense	**18,497**	13,532
Profit from continuing operations	**48,080**	52,272
Profit from discontinued operations (refer note 14)	-	35,956
Net Profit Before Minority Interests	**48,080**	88,228
Less Net Profit attributable to Minority Interests	**7,984**	20,927
Net Profit attributable to members of Soul Pattinson	**40,096**	67,301

Earnings per Share

Basic and Diluted EPS (cents) before non regular items	**20.5**	23.3
Basic and Diluted EPS (cents) after non regular items	**16.8**	28.2

The Condensed Consolidated Income Statement should be read in conjunction with the accompanying notes.

Washington H. Soul Pattinson and Company Limited
and its controlled entities

Condensed Consolidated Statement of Recognised Income and Expenses
For the half year ended 31 January, 2006

	2006 $000	2005 $000
Cash flow hedges (net of tax)	**(4,187)**	-
Exchange differences on translation of foreign operations	**13**	15,454
Gain/(loss) on revaluation of investments	**30,629**	-
Adjustment on adoption of AASB 132/139	**184,285**	-
Net income recognised directly in equity	**210,740**	15,454
Profit for the period	**48,080**	88,228
Total recognised income and expense for the period	**258,820**	103,682
Total recognised income and expense for the period is attributable to:		
- Members of Soul Pattinson	**247,043**	77,156
- Minority interest	**11,777**	26,526
	258,820	103,682

The Condensed Consolidated Statement of Recognised Income and Expenses should be read in conjunction with the accompanying notes.

Washington H. Soul Pattinson and Company Limited
and its controlled entities

Condensed Consolidated Balance Sheet as at 31 January, 2006

	31-Jan-06 $000	31-Jul-05 $000
CURRENT ASSETS		
Cash	110,266	695,773
Receivables	124,458	148,469
Inventories	21,725	25,040
Held to maturity investments	508,139	89,914
Assets classified as held for sale	58,306	11,217
Intangibles	39,241	36,686
Derivative Financial Instruments	9,069	-
Other	3,894	132
TOTAL CURRENT ASSETS	875,098	1,007,231
NON CURRENT ASSETS		
Receivables	28,365	31,993
Investments accounted for using the equity method	451,653	423,529
Available for sale financial assets	471,031	212,795
Property, plant and equipment	285,266	289,798
Investment properties	1,572	1,586
Deferred tax assets	28,522	28,788
Derivative financial instruments	5,219	-
Intangible assets	216,604	225,366
Other	1,336	6,057
TOTAL NON-CURRENT ASSETS	1,489,568	1,219,912
TOTAL ASSETS	2,364,666	2,227,143
CURRENT LIABILITIES		
Payables	112,828	126,587
Interest bearing liabilities	31,063	18,118
Current tax liabilities	20,745	68,139
Provisions	40,063	42,336
Unearned Revenue	36,713	37,519
TOTAL CURRENT LIABILITIES	241,412	292,699
NON-CURRENT LIABILITIES		
Interest bearing liabilities	53,038	60,473
Deferred tax liabilities	93,944	19,170
Provisions	18,356	17,786
Other	106	10,811
TOTAL NON-CURRENT LIABILITIES	165,444	108,240
TOTAL LIABILITIES	406,856	400,939
NET ASSETS	1,957,810	1,826,204
EQUITY		
Contributed Equity	32,900	32,900
Reserves	639,971	432,676
Retained Profits	750,435	766,873
Parent entity interest	1,423,306	1,232,449
Minority interests	534,504	593,755
TOTAL EQUITY	1,957,810	1,826,204

The Condensed Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Washington H. Soul Pattinson and Company Limited
and its controlled entities

Condensed Consolidated Cash Flow Statement
For the half year ended 31 January, 2006

	2006	2005
	$000	$000
Cash Flows From Operating Activities		
Receipts from customers	**497,595**	240,193
Payments to suppliers and employees	**(457,395)**	(198,258)
	40,200	41,935
Dividends Received	**32,324**	80,256
Interest Received	**17,701**	5,865
Borrowing costs paid	**(3,237)**	(5,330)
Income Taxes paid	**(68,532)**	(14,169)
Net Cash Inflow from Operating Activities	**18,456**	108,557
Cash Flows From Investing Activities		
Payments for property, plant and equipment	**(19,064)**	(53,492)
Proceeds from sale of property, plant and equipment	**4,863**	3,715
Payments for held to maturity investments (net)	**(391,990)**	(54,000)
Payments for equity investments	**(46,127)**	(33,380)
Proceeds from sale of equity investments	**5,562**	1,942
Loans advanced	**(19,660)**	(2,656)
Repayment of loans advanced	**1,638**	1,870
Proceeds from sale of businesses	**-**	14,500
Payments to acquire controlled entities (net of cash balances acquired)	**(562)**	(19,889)
Net Cash Inflow (Outflow) from Investment Activities	**(465,340)**	(141,390)
Cash Flows From Financing Activities		
Proceeds from issue of shares	**13,434**	178,681
Return of share capital	**(30,738)**	-
Proceeds from borrowings	**7,766**	48,343
Repayment of borrowings	**(1,613)**	(59,865)
Repayment of lease liabilities	**(224)**	-
Dividends paid	**(129,153)**	(59,264)
Net Cash Inflow (Outflow) from Financing Activities	**(140,528)**	107,895
Net Increase (Decrease) in Cash Held	**(587,412)**	75,062
Cash at the beginning of the financial year	**694,646**	159,006
Cash from Associate now treated as Controlled Entity	**-**	-
Effect of exchange rate changes on cash	**447**	(1,615)
Cash at the end of the half year	**107,681**	232,453

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

Note 1

Basis of preparation

The half year consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001. The half year financial report is to be read in conjunction with the 2005 Annual Financial Report and any public announcements by Washington H. Soul Pattinson and its controlled entities during the half year in accordance with continuous disclosure requirements of the Corporations Act 2001.

The half year report has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

The accounting policies are consistent with those applied in the 2005 Annual Financial Report, unless otherwise stated.

The half year report does not include full note disclosures of the type normally included in an annual financial report.

Application of AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards

This half year consolidated financial report is the first Washington H. Soul Pattinson and Company Limited half year consolidated financial report to be prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AIFRS). AASB 1 "First time Adoption of Australian Equivalents to International Financial Reporting Standards" has been applied in preparing these financial statements.

Financial statements of Washington H. Soul Pattinson and Company Limited until 31 July 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Washington H. Soul Pattinson and Company Limited half year consolidated financial report, management has amended certain accounting, valuation and consolidation methods applied in the previous AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures were restated to reflect these adjustments. The Group has taken the exemption available under AASB 1 to only apply AASB 132 "Financial Instruments: Disclosure and Presentation" and AASB 139 "Financial Instruments: Recognition and Measurement" from 1 August 2005.The Group has elected to apply the exemption available under AASB1 not to restate any past business combinations under AASB 3 that occurred before transition date. Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the Group's equity and its net income are given in note 15. Most adjustments required on transition to AIFRS are made retrospectively against opening retained earnings as at 1 August 2004.

Note 2

Changes in accounting policies

The following changes in accounting policies were implemented for the first time in this interim report:

a) Impairment of assets
Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

b) Income tax
The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

c) Investments and other financial assets
Adjustments on transition date: 1 August 2005
The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that investments in listed entities will be classified as 'Available for sale financial assets' and measured at fair value, using current bid price, rather than amortised cost. Unlisted entities continue to be valued at cost.
Additionally deposits held to maturity have been reclassified from receivables to held to maturity investments.
From 1 August 2005
Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Available for sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available for sale are recognised in equity in the asset revaluation reserve. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.
Gains or losses on investments held for trading are recognised in the income statement.

d) Restoration, rehabilitation and environmental expenditure
Costs are now estimated on the basis of current discounted costs. Under previous AGAAP, costs were estimated on an undiscounted basis.

Changes in accounting policies (cont.)

e) Acquisitions
Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 2(f)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

f) Goodwill
Goodwill acquired in business combinations is no longer amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

g) Television licence
The revaluation of the television licence is not permitted under AIFRS.

h) Cash and cash equivalents
The definition of cash has been altered to exclude short term deposits which are considered to be investments rather than amounts to be used in the day to day cash management of the company.

i) Revenue
Revenue reported on the sale of property, plant and equipment and intangible assets is now at net gain rather than gross proceeds. There is no impact on profits.

j) Assets held for sale
Assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non current asset (or disposal group) is recognised at the date of derecognition.

Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet.

k) Derivatives - Forward foreign exchange contracts
From 1 August 2004 to 31 July 2005
The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The Group has applied previous AGAAP in the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

Under previous AGAAP, gains or costs arising from entering into a contract intended to hedge the purchase or sale of goods or services, together with the subsequent exchange gains or losses resulting from remeasurement of those contracts by reference to movements in spot exchange rates are deferred in the balance sheet from the inception of the hedging transaction up to the date of the purchase or sale and included in the measurement of the purchase or sale.

If the hedged transaction is not expected to occur as originally designated, or if the hedge is no longer expected to be effective, any previously deferred gains or losses are recognised as revenue or expense immediately.

Changes in accounting policies (cont.)

k) Derivatives (cont.)

Adjustments on transition date: 1 August 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that derivatives will be classified as 'Derivative financial instruments' and measured at fair value rather than amortised cost. Fair value is inclusive of transaction costs. At the date of transition changes to carrying amounts are taken to reserves.

From 1 August 2005

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, inventory) or a non financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

l) Investment property

Investment property, principally comprising freehold office buildings, is held for long term rental yields and is not occupied by the Group. Investment property is accounted for using the cost model. The property was valued by a registered valuer in April 2004. Basing an estimate on that value and adjusting for an annual growth in value of between 5% and 10% would value the property at balance date of between $2,940,000 and $3,080,000. Buildings are depreciated on a straight line basis over 40 years.

m) Employee benefits

Share based payments

In New Hope Corporation Limited, share based compensation benefits are provided to employees via the New Hope Corporation Limited Employee Share Option Plan. All options have been granted after 7 November 2002 and vest after 1 January 2005. The fair value of options granted under the New Hope Corporation Limited Employee Share Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a binomial option pricing model that takes into account the exercise price, the term of the option, the vesting criteria, the impact of dilution, the non tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital.

Note 3

Revenue and Expenses from ordinary activities	**2006 $000**	2005 $000
Details of relevant revenues		
Sales from Investments	**3,982**	8,370
Sales from Properties	**4,123**	2,683
Sales from Businesses	**-**	14,500
Details of relevant expenses		
Cost of Sales	**278,141**	120,723
Expenses - Selling & Distribution	**89,544**	45,187
- Administration	**56,885**	28,887
- Other	**356**	215
Impairments	**11,449**	-

Note 4

Details of Non Regular Items (net of income tax and minority interests)	**2006 $000**	2005 $000
Profit on Disposal of Land and Buildings	**1,090**	2,294
Profit/(Loss) on Disposal of Investments	**1,431**	(198)
Profit on Disposal of Business	**-**	5,297
Gains/(losses) on new issue of shares by controlled entities, associates	**(2,871)**	5,660
Restructure costs	**(119)**	-
Non Regular Items from Associates	**(756)**	(1,380)
Write-down of assets in B Digital Ltd and B Shop Telecommunications Pty Ltd	**(1,495)**	-
Impairments	**(6,083)**	-
Total Non Regular Items	**(8,803)**	11,673

Note 5

Segment Information

	Revenue		Profit	
	2006	2005	**2006**	2005
	$000	$000	**$000**	$000
Primary reporting - Industry Segments				
Coal Mining	**135,735**	88,861	**53,609**	26,629
Investment	**17,077**	26,431	**11,268**	16,171
Media	**41,363**	41,715	**7,168**	6,115
Telecommunications	**210,636**	20,475	**(2,858)**	5,262
Bakery	**52,640**	46,964	**(25,318)**	(12,862)
Associates (Note a)	**-**	-	**13,369**	15,399
Unallocated	**26,317**	26,632	**10,385**	10,233
Discontinued Operations	**-**	34,349	**-**	39,918
Intersegment	**(5,900)**	(3,733)	**-**	-
	477,868	281,694	**67,623**	106,865
Less unallocated expenses			**1,046**	1,143
Less income tax expense			**18,497**	17,494
Group Totals	**477,868**	281,694	**48,080**	88,228

Products and Services

Investment	Investment in shares and short-term deposits.
Coal Mining	Coal mining in Australia
Media	Television advertising and commercial and program production.
Telecommunications	Licensed carrier and retailer of telecommunication services and products
Bakery	Manufacture of savouries and cakes

(a) Associates

Revenue from associates is not included in total Revenue.

Note 6

Dividend distributions per security

		$000	Amount per security C P S	Franking per security C P S
Interim Dividend	Current half year (declared)	26,250	11.0c	11.0c
	Previous corresponding half year	23,864	10.0c	10.0c
Final Dividend 2005	A final dividend, not previously recognised in retained profits, was paid on 28.11.05	35,796	15.0c	15.0c
Special Dividends	**2nd Special Dividend arising from the sale of NBN Television to SP Telemedia Ltd was paid on 28.11.05**	23,864	10.0c	10.0c
	A Special Dividend arising from the sale of NHC's international coal assets was paid on 28.11.05	11,932	5.0c	5.0c

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.

Note 7

Details of Investments in Associates Name of associated entity	Percentage of ownership at balance date **2006**	2005	Contribution to Net Profit **2006**	2005
	%	%	$000	$000
Brickworks Limited	**49.5**	49.5	**12,290**	10,414
Queensland Bulk Handling Pty Ltd	**30.8**	32.1	**783**	729
Queensland Commodity Exports Pty Ltd	**20.5**	21.4	**99**	(19)
Clover Corporation Limited	**28.6**	28.6	**132**	(15)
Australian Pharmaceutical Industries Limited	**21.6**	21.0	**2,993**	3,144
Keith Harris & Company(Far East) Pty Ltd	**49.0**	-	**57**	-
Pitt Capital Partners Asia Limited(now a controlled entity)	**0.0**	26.5	**-**	(162)
PT Adaro Indonesia(discontinued ownership)	**0.0**	26.1		
Vindoor Investments (Mauritius) Ltd(discontinued ownership)	**0.0**	26.1		
SPT Telecommunications Pty Ltd	**25.5**	25.5	**557**	1,212
Kooee Pty Limited	**25.5**	25.5	**15**	171
Windsor Farm Foods Limited	**23.8**	23.8	**(110)**	(5)
InterRisk Australia Pty Ltd	**0.0**	2.5	**-**	(52)
Source Engine Asia Ltd	**4.1**	0.0	**(87)**	-
Specialist Oncology Property Pty Ltd	**2.9**	3.4	**2**	8
Ampcontrol Pty Ltd	**5.3**	0.0	**756**	-
Austgrains Pty Ltd	**5.6**	5.7	**(61)**	(26)
B Shop Telecommunications Pty Ltd	**25.5**	25.5	**(4,203)**	-
Asian Property Investments Limited	**3.8**	0.0	**(4)**	-
Hydramatic Engineering Pty Limited	**4.7**	0.0	**150**	-
			13,369	15,399

Note 8

Retained Profits	**2006 $000**	2005 $000
Retained profits at the beginning of the financial period	**766,873**	387,485
Adjustment to balance at beginning of the financial period	**(423)**	-
Net profit attributable to members of the Group	**40,096**	67,301
Dividends paid or payable	**(56,416)**	(17,626)
Equity Adjustment	**65**	-
Transfer to Reserves	**240**	
Retained profits at the end of the financial period	**750,435**	437,160

Note 9

Reserves	**Total Reserves 2006 $000**
Balance at beginning of the financial period	**432,676**
Adjustment on adoption of AASB132/139 net of tax	**178,969**
Transfer to Retained Profits	**(241)**
Revaluation increments	**30,629**
Share of Associates increment	**357**
Cash Flow hedges net of tax	**(2,709)**
Employee share option	**290**
Balance at the end of the financial period	**639,971**

Note 10

Earnings per Security (EPS)	**2006**	2005
Calculation of the following in accordance with AASB 133: Earnings per Share		
(a) Basic EPS (cents) before non regular items	**20.5**	23.3
Basic EPS (cents) after non regular items	**16.8**	28.2
Adjusted weighted average number of ordinary shares	**238,640,580**	238,640,580
(b) Diluted EPS (cents)	**16.8**	28.2
	$000	$000
Earnings reconciliation		
Net Profit	**48,080**	88,228
Net Profit attributable to minority interests	**(7,984)**	(20,927)
Basic Earnings	**40,096**	67,301
Diluted Earnings	**40,096**	67,301

Note 11

NTA backing

Net tangible asset backing per ordinary security	**$5.68**	$4.07

Note 12

Acquisition of Controlled Entities

On 21 April 2005, SP Telemedia Limited gained control of B Digital Limited. The fair value of net assets acquired has been revised in the current period resulting in a decrease of $1,347,000 and an increase in goodwill on acquisition. On 31 October, 2005 SP Telemedia acquired a further 2.9% of B Digital for a consideration of $8.128M.An additional $1.469M goodwill has been recognised.

Note 13

Subsequent Events

Subsequent to the balance date a deed of agreement has been signed by SP Telemedia Limited that will result in it acquiring the business and assets of B Shop Telecommunications Pty Limited for a cash consideration of $200,000

Washington H Soul Pattinson and Company Limited has agreed to guarantee a finance facility obtained by KH Foods Limited from HSBC Bank Australia Limited totalling $16M.

Note 14

Discontinuing Operations

On 7 February 2005, New Hope Corporation Limited announced that it had entered into a Conditional Sale and Purchase Agreement for the disposal of its 40.83% interest in the Adaro coal mine in Indonesia, its 50% interest in PT Indonesia Bulk Terminal and its 40.83% interest in Vindoor Investments (Mauritius) Limited. Settlement of the transaction occurred on 22 June, 2005, with total proceeds received by New Hope Corporation Limited on settlement of US$406 million.

On 31 January 2005 KH Foods Limited sold its Flavours and Fragrances division.
For the half year ended 31 January 2005, revenue of the discontinued operations was $27,623,000 and share of profits of associates was $17,239,000. Expenses were $16,406,000 and pre-tax profit of discontinued operations was $28,456,000. Income tax expense was $3,962,000.
Gain on sale of the Flavours and Fragrance division was $11,462,000.
The sale of the New Hope operations occurred in the second half of the 2005 year. As a result, the gain on sale of $392,090,000 and related income tax expense of $39,455,000 are not included in the results reported.

For the half year ended 31 January 2005, the net cash inflow from operating activities of the discontinued operations was $15,633,000. The net cash outflow from investing activities was $14,391,000 and the net cash outflow from financing activities was $23,819,000.

Note 15

Explanation of transition to Australian equivalents to IFRSs

This is the Group's first half year financial report prepared in accordance with the requirements of AIFRS. Washington H. Soul Pattinson is required to adopt AIFRS from 1 August 2005. The Group's first fully AIFRS compliant financial statements will be presented for the year ended 31 July 2006. Comparative information is required to be restated in both sets of accounts, with the exception of the requirements of AASB 139 "Financial Instruments: Recognition and Measurement" which is only applicable from 1 August 2005 and no comparative information is required.

Presented below are the restated balance sheets at 1 August 2004, 31 January 2005 and 31 July 2005, together with the restated income statement for the 6 month period ending 31 January 2005 and for the twelve month period ending 31 July, 2005.
The change to the cash flow statement arising from the change in treatment of cash equivalents is presented.

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At the date of transition to AIFRS: 1 August 2004

			Consolidated	
	Notes	Previous AGAAP $000	**Effect of transition to AIFRS $000**	AIFRS $000
CURRENT ASSETS				
Cash		128,419	-	128,419
Receivables	a	139,842	**(64,876)**	74,966
Inventories	a	20,276	**(2,880)**	17,396
Held to maturity investments	a	-	**75,586**	75,586
Assets classified as held for sale	a,e	-	**2,975**	2,975
Other	a	6,937	**(5,736)**	1,201
TOTAL CURRENT ASSETS		295,474	**5,069**	300,543
NON CURRENT ASSETS				
Receivables		19,603	**4,622**	24,225
Investments accounted for using the equity method	i	425,295	**5,294**	430,589
Available for sale financial assets	f	169,012	**(6,625)**	162,387
Property, plant and equipment	a,m	358,707	**(3,465)**	355,242
Investment properties	a	-	**1,613**	1,613
Deferred tax assets	k,l	13,262	**24,226**	37,488
Intangible assets	a,f,g,h,j,l	131,949	**(49,327)**	82,622
Other		1,391	**(659)**	732
TOTAL NON-CURRENT ASSETS		1,119,219	**(24,321)**	1,094,898
TOTAL ASSETS		1,414,693	**(19,252)**	1,395,441
CURRENT LIABILITIES				
Payables		59,934	**4,815**	64,749
Interest bearing liabilities		59,427	-	59,427
Current tax liabilities		14,036	-	14,036
Provisions		37,585	**(2,087)**	35,498
Other		824	**(594)**	230
TOTAL CURRENT LIABILITIES		171,806	**2,134**	173,940
NON-CURRENT LIABILITIES				
Payables		14,396	-	14,396
Interest bearing liabilities		58,746	-	58,746
Deferred tax liabilities	e,l	14,537	**(1,989)**	12,548
Provisions		33,695	**7,047**	40,742
Other		9,020	**(9,020)**	-
TOTAL NON-CURRENT LIABILITIES		130,394	**(3,962)**	126,432
TOTAL LIABILITIES		302,200	**(1,828)**	300,372
NET ASSETS		1,112,493	**(17,424)**	1,095,069
EQUITY				
Contributed Equity		32,900	-	32,900
Reserves	d,i,j,	479,687	**(48,163)**	431,524
Retained Profits	d,f,g,i,k,l,m	354,922	**32,563**	387,485
Parent entity interest		867,509	**(15,600)**	851,909
Minority interests	n	244,984	**(1,824)**	243,160
TOTAL EQUITY		1,112,493	**(17,424)**	1,095,069

Explanation of transition to Australian equivalents to IFRSs (cont.)

(b) At the end of the last half year reporting period under previous AGAAP: 31 January 2005

		Consolidated		
	Notes	Previous AGAAP $000	**Effect of transition to AIFRS $000**	AIFRS $000
CURRENT ASSETS				
Cash		227,045	-	227,045
Receivables	a	185,452	**(93,158)**	92,294
Inventories	a	22,746	**(2,236)**	20,510
Held to maturity investments	a	-	**101,408**	101,408
Assets classified as held for sale	a,e	-	**2,578**	2,578
Other	a	5,361	**(4,603)**	758
TOTAL CURRENT ASSETS		440,604	**3,989**	444,593
NON CURRENT ASSETS				
Receivables		31,874	**(2,762)**	29,112
Investments accounted for using the equity method	i	405,301	**8,415**	413,716
Available for sale financial assets	f	194,971	**(63)**	194,908
Property, plant and equipment	a,m	380,049	**(2,567)**	377,482
Investment properties	a,m	-	**1,600**	1,600
Deferred tax assets	k,l	15,950	**13,597**	29,547
Intangible assets	a,f,g,h,j,l	145,538	**(45,799)**	99,739
Other		-	**912**	912
TOTAL NON-CURRENT ASSETS		1,173,683	**(26,667)**	1,147,016
TOTAL ASSETS		1,614,287	**(22,678)**	1,591,609
CURRENT LIABILITIES				
Payables		64,398	**5,192**	69,590
Interest bearing liabilities		34,886	-	34,886
Current tax liabilities		18,612	-	18,612
Provisions		43,326	**(1,577)**	41,749
Other		824	**(824)**	-
TOTAL CURRENT LIABILITIES		162,046	**2,791**	164,837
NON-CURRENT LIABILITIES				
Payables		15,360	-	15,360
Interest bearing liabilities		69,240	-	69,240
Deferred tax liabilities	e,l	12,967	**1,438**	14,405
Provisions		11,785	**7,206**	18,991
Other		9,449	**(9,449)**	-
TOTAL NON-CURRENT LIABILITIES		118,801	**(805)**	117,996
TOTAL LIABILITIES		280,847	**1,986**	282,833
NET ASSETS		1,333,440	**(24,664)**	1,308,776
EQUITY				
Contributed Equity		32,900	-	32,900
Reserves	d,i,j	461,043	**(48,863)**	412,180
Retained Profits	d,f,g,i,k,l,m	406,226	**30,934**	437,160
Parent entity interest		900,169	**(17,929)**	882,240
Minority interests	n	433,271	**(6,735)**	426,536
TOTAL EQUITY		1,333,440	**(24,664)**	1,308,776

Explanation of transition to Australian equivalents to IFRSs (cont.)

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(c) At the end of the last reporting period under previous AGAAP: 31 July 2005

		Consolidated		
	Notes	Previous AGAAP $000	**Effect of transition to AIFRS $000**	AIFRS $000
CURRENT ASSETS				
Cash		119,039	**576,734**	695,773
Receivables	a	806,294	**(657,825)**	148,469
Intangibles	a	-	**36,686**	36,686
Inventories	a	33,926	**(8,886)**	25,040
Held to maturity investments	a,e	-	**89,914**	89,914
Assets classified as held for sale	a	1,909	**9,308**	11,217
Other		7,247	**(7,115)**	132
TOTAL CURRENT ASSETS		968,415	**38,816**	1,007,231
NON CURRENT ASSETS				
Receivables		26,215	**5,778**	31,993
Investments accounted for using the equity method	i	429,092	**(5,563)**	423,529
Available for sale financial assets	f	211,644	**1,151**	212,795
Property, plant and equipment	a,m	293,565	**(3,767)**	289,798
Investment properties	a,m	-	**1,586**	1,586
Deferred tax assets	k,l	25,483	**3,305**	28,788
Intangible assets	a,f,g,h,j,l	240,136	**(14,770)**	225,366
Other		25,184	**(19,127)**	6,057
TOTAL NON-CURRENT ASSETS		1,251,319	**(31,407)**	1,219,912
TOTAL ASSETS		2,219,734	**7,409**	2,227,143
CURRENT LIABILITIES				
Payables		117,959	**8,628**	126,587
Interest bearing liabilities		18,118	**-**	18,118
Current tax liabilities		68,256	**(117)**	68,139
Provisions		47,110	**(4,774)**	42,336
Unearned Revenue	a	6,697	**30,822**	37,519
Other		1,946	**(1,946)**	-
TOTAL CURRENT LIABILITIES		260,086	**32,613**	292,699
NON-CURRENT LIABILITIES				
Payables		10,458	**-**	10,458
Interest bearing liabilities		60,011	**462**	60,473
Deferred tax liabilities	e,l	22,208	**(3,038)**	19,170
Provisions		10,871	**6,915**	17,786
Other		9,477	**(9,124)**	353
TOTAL NON-CURRENT LIABILITIES		113,025	**(4,785)**	108,240
TOTAL LIABILITIES		373,111	**27,828**	400,939
NET ASSETS		1,846,623	**(20,419)**	1,826,204
EQUITY				
Contributed Equity		32,900	**-**	32,900
Reserves	d,l,j	489,404	**(56,728)**	432,676
Retained Profits	d,f,g,k,l,m	738,145	**28,728**	766,873
Parent entity interest		1,260,449	**(28,000)**	1,232,449
Minority interests	n	586,174	**7,581**	593,755
TOTAL EQUITY		1,846,623	**(20,419)**	1,826,204

Explanation of transition to Australian equivalents to IFRSs (cont.)

(2) Reconciliation of profit under previous AGAAP to profit under Australian equivalents to IFRSs (AIFRS)

(a) Reconciliation of profit for the 12 months to 31 July 2005

		Consolidated		
	Notes	Previous AGAAP $000	**Effect of transition to AIFRS $000**	AIFRS $000
Operating Profit after Income Tax before Non Regular Items		105,109	**5,046**	110,155
Non Regular Items after Income tax		316,346	**(10,967)**	305,379
Revenue		1,278,799	**(591,257)**	687,542
Less Expenses excluding Finance Costs	e,f,g,m	636,658	**(134,311)**	502,347
Less Finance Costs		6,803	**(680)**	6,123
Share of Net Profits of Associates	i	43,743	**(12,319)**	31,424
Share of Partnership Profits		2,882	**-**	2,882
Operating Profit before Income Tax		681,963	**(468,585)**	213,378
Less Income Tax Expense	k,l	86,808	**(47,914)**	38,894
Profit from continuing operations		595,155	**(420,671)**	174,484
Profit from discontinued operations		-	**414,963**	414,963
Net Profit Before Minority Interests		595,155	**(5,708)**	589,447
Less Net Profit attributable to Minority Interests	n	173,700	**213**	173,913
Net Profit attributable to members of Soul Pattinson		421,455	**(5,921)**	415,534

Explanation of transition to Australian equivalents to IFRSs (cont.)

(2) Reconciliation of profit under previous AGAAP to profit under Australian equivalents to IFRSs (AIFRS)

(b) Reconciliation of profit for the half year ended 31 January 2005

	Notes	Consolidated Previous AGAAP $000	Effect of transition to AIFRS $000	AIFRS $000
Operating Profit after Income Tax before Non Regular Items		51,658	**3,970**	55,628
Non Regular Items after Income tax		17,272	**(5,599)**	11,673
Revenue		295,303	**(47,958)**	247,345
Less Expenses excluding Finance Costs	e,f,g,m	214,532	**(19,520)**	195,012
Less Finance Costs		3,507	**(217)**	3,290
Share of Net Profits of Associates	i	28,981	**(13,582)**	15,399
Share of Partnership Profits		1,362	**-**	1,362
Operating Profit before Income Tax		107,607	**(41,803)**	65,804
Less Income Tax Expense	k,l	17,785	**(4,253)**	13,532
Profit from continuing operations		89,822	**(37,550)**	52,272
Profit from discontinued operations		-	**35,956**	35,956
Net Profit Before Minority Interests		89,822	**(1,594)**	88,228
Less Net Profit attributable to Minority Interests	n	20,892	**35**	20,927
Net Profit attributable to members of Soul Pattinsor		68,930	**(1,629)**	67,301

(3) Changes in cash flow statement on transition to Australian equivalents to IFRSs (AIFRS)

Reconciliation of cash for the half year ended 31 January 2005

	Consolidated $000
Opening cash balance as at 1 August 2004 per previous AGAAP	204,006
Effect of transition to AIFRS restatement of Cash Equivalents	(45,000)
Opening cash balance as at 1 August 2004 under AIFRS	159,006
Net movement in held to maturity investments during half year ended 31 January 2005	54,000
Closing cash balance at the 31 January 2005 as per previous AGAAP	331,453
Effect of transition to AIFRS restatement of Cash Equivalents	(99,000)
Closing cash balance at the 31 January 2005 under AIFRS	232,453

(4) Notes to the reconciliations

A description of the significant transition differences between previous AGAAP and AIFRS is given below.

(a) Reclassifications.

Under AIFRS a number of balance sheet items have been reclassified but have no affect on total equity. These are listed below.
Short Term Deposits from Receivables to Held to Maturity Investments
Prepayments from Other Assets to Receivables
Investment Properties and Assets Held for Sale from Property ,Plant and Equipment are now separately listed.
Software from Property, Plant and Equipment to Intangibles.
Trading Investments from Inventories to Assets Held for Sale.
Unearned Revenue now separately disclosed.
Subscriber Acquisition Costs reclassified from Non Current to Current.

(b) Discontinued Operations.

Net proceeds from sale of and profit after tax of discontinued operations are presented on the Discontinued Operations line of the Income Statement. Previously gross proceeds were shown as revenue and the components of profit were shown on the respective lines of the Income Statement. Refer to note 14.There is a decrease in Retained Profit of $8.94 million.

(c) Revenue.

Under AGAAP gross proceeds from the sale of non current assets were recognised as revenue and the carrying amount of the asset sold recognised as an expense. Under AIFRS the net amount is shown within revenue.

(d) Reserves.

In some cases amounts in Reserves are do not qualify as reserves under AIFRS and have been transferred to Retained Profit with no effect on total equity.

(e) Assets Held for Sale.

Financial assets are measured at fair value using the bid price under AIFRS.As a result Assets Held for Resale increased by $127K in August 04, $343K in January 05 and $190K in July 05.Retained Profits increased by $89K in August 04,$240K in January 05 and $133K in July 05, Deferred Tax Liability increased by $38K in August 04, $103K in January 05 and $57K in July 05.
Profit after tax increased by $151K for the six months to January 05 and $45K for the year.

Explanation of transition to Australian equivalents to IFRSs (cont.)

(f) Amortisation
Under AASB3 amortisation of goodwill is prohibited and is replaced by an annual impairment test which is different to AGAAP in that goodwill was amortised on a straight line basis. As well under AIFRS some amounts previously described as goodwill have now been treated as identifiable intangibles which are subject to amortisation. The effect for August 04 is a decrease in Available for Sale Financial Assets of $23K and a decrease in Retained Profits of $23K.In January 05 Intangibles have increase by $308K, Available for Sale Financial Assets have decreased by $19K, and Retained Profits increased by $289K.In July 05 Intangibles have increased by $12515K, Available for Sale Financial Assets decreased by $15K and Retained Profits increased by $12500K.Profit after tax increased by$312K for the six months to January 05 and by $12430K for the year to July 05.

(g) Goodwill on Acquisition.
In the KH Foods Limited Group, goodwill on acquisition of a controlled entity under AIFRS has been treated as a distribution from parent ownership .For both January and July 05 Intangibles and Retained Profit have been decreased by $11174K.Profit after tax has been reduced by$11174K for the six months to January 05 and the year to July 05.

(h) Subscriber Acquisition Costs.
Under AIFRS costs exclude handset costs which are now expensed, commission received is deferred and acquisition costs capitalised on a gross basis.

(i) Share of Profits of Associates.
Share of profits of Associates and profit from the issue of shares by Associates has changed in line with the changes made by those Associates in the transition to AIFRS. The effect for August 04 is a decrease in Investment in Associates of $8665K, a decrease in Retained Profits of $7850K and a decrease in Reserves of $815K. In January 05 Investment in Associates has decreased by $5906K ,Retained Profits by $4060K and Reserves by $1846K. In July 05 Investment in Associates has decreased by $3954K, Retained Profits by $1887K and Reserves by $2067K.Profit after tax has increased by $3790K for the six months to January 06 and $5963K for the year to July 05.

(j) Revaluation of Internally Generated Intangible.
Under AIFRS the revaluation of the television license is not permitted. As a result Intangibles and Reserves have been decreased by $50300K in August 04, January 05 and July 05.

(k) Deferred Tax Asset.
Under AIFRS a Deferred Tax Asset is recognised in relation to equity raising costs. A Deferred Tax Asset has recognised in respect of temporary allowable deduction differences, in particularly in respect of investments in associations and intangibles. In August 04 Deferred Tax Assets and Retained Profits decreased by $1925K. In January 05 Deferred Tax Asset and Retained Profits increased by $15744K and July 05 by $14577K.Profit after tax increased by $598K for the six months to January 05 and decreased by $569K for the year to July 05.

(l) Deferred Tax Liability.
AIFRS has resulted in the recognition of a deferred tax liability on fair value adjustments on the acquisition of controlled entities. In August 04 Deferred Tax Liability and Retained Profit have decreased by $2052K.In January 05 there has been increases in Deferred Tax Liability $1307K, Intangibles $5617K and Retained Profits $4310K. In July 05 there has been decreases in Deferred Tax Liability $3211K and Deferred Tax Asset $9928K, and increases in Intangibles $9764K and Retained Profits $3047K.Profit after tax increased by $586K for the six months to January 05 and decreased by $677K for the year to July 05.

(m) Rehabilitation Provision.
The New Hope Corporation Group has certain obligations to rehabilitate sites at the conclusion of mining. Some of these obligations relate to capitalised plant and equipment. Under AIFRS , the initial estimate of costs to dismantle and remove the item and restore the site must be capitalised.
In addition a provision has been recognised for future costs of ceasing lease agreements.
The effect of these is for August 04 to increase provisions by $519K and Plant and Equipment by $158K and decrease Retained Profits by $361K.In January 05 provisions have increased by $519K and Plant and Equipment by $142K and Retained Profits have decreased by $377K. In July 05 provisions have increased by $551K and Plant and Equipment by $126K and Retained Profits have decreased by $425K.Profit after tax decreased by $16K for the six months to January 05 and $64K for the year to July 05.

(n) Minority Interests.
The Minority Interests balance has been affected by the minority interest component of the AIFRS adjustments and the effect they have on acquisition of and share issued by controlled entities.

Note 16
Contingent Liability

Washington H. Soul Pattinson and Company Limited has formally resolved to provide financial assistance to KH Foods Limited for a period of up to 12 months, to a limit of $35 million, subject to the receipt of appropriate security, to enable it to meet its debts as and when they fall due and payable until such time as it can meet its obligations from normal cash flows.
Refer also to Note 13.

WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED
A.C.N. 000 002 728

DIRECTORS' DECLARATION

In the opinion of the directors of Washington H. Soul Pattinson and Company Limited:-

(a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standard AASB 134 "Interim Financial Reporting", the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 January, 2006 and of its performance as represented by the results of its operations and cash flows for the half year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due and payable.

The directors have been given the declarations by the Executive Director and Financial Controller as required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors:

R.D. Millner
Director

P.R. Robinson
Director

Dated at Sydney this 11th day of April, 2006.

PARTNERS:
Andrew Blackwell CA
Stephen Humphrys FCA
Garry Leyshon FCA
Joe Shannon CA
Robert Southwell CA
Spiro Tzannes FCA
Charlie Viola (Affiliate ICAA)
Bob Webster FCA
Scott Whiddett CA

CONSULTANTS:
Pat Bugden FCA
Anja Dorrell CA

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF WASHINGTON H. SOUL PATTINSON & COMPANY LIMITED AND ITS CONTROLLED ENTITIES

Scope

The financial report and directors' responsibility
The financial report comprises the balance sheet, income statement, statements of recognised income and expenses, cash flows statements, accompanying notes to the financial statements, and the directors' declaration for Washington H. Soul Pattinson & Company Limited and its Consolidated Entities ("the consolidated entity"), for the half-year ended 31 January 2006. The consolidated entity comprises both Washington H. Soul Pattinson & Company Limited and the entities it controlled during that half-year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report of the consolidated entity in accordance with Accounting Standard *AASB 134 "Interim Financial Reporting"*, and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach
We conducted an independent review of the financial report in order to make a statement about it to the members of the Company, and in order for the Company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard *AASB 134 "Interim Financial Reporting"* and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of Company personnel, and
- analytical procedures applied to financial data.

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

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A review is limited primarily to inquiries of Company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, 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 followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the Auditors' Independence Declaration set out on page 6 of the Interim Financial Report has not changed as at the date of providing our review statement.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Washington H. Soul Pattinson & Company Limited is not in accordance with:

a. the *Corporations Act 2001*, including:

   i. giving a true and fair view of the financial position of the consolidated entity at 31 January 2006 and of its performance for the period ended on that date; and

   ii. complying with Accounting Standard *AASB 134 "Interim Financial Reporting"* and the *Corporations Regulations 2001*; and

b. other mandatory financial reporting requirements in Australia.

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S M WHIDDETT
Partner

Moore Stephens Sydney

MOORE STEPHENS SYDNEY

Dated in Sydney this 11th day of April 2006