

Washington H. Soul Pattinson and Company Limited

A.B.N. 49 000 002 728

Review of Operations Half Year Ended 31 January, 2004

CONSOLIDATED RESULT

The Profit of the Group, after tax and before non regular items, attributable to shareholders for the half year ended 31 January, 2004 was \$40.4 million, a result similar to the previous corresponding period of \$40.9 million.

The Profit of the Group, after tax and non-regular items, was \$98 million, an increase of 116.1% over the previous corresponding period. Profit on non regular items was \$57.6. million and included the Group's share of the equity accounted Brickworks Limited profit of \$35.2 million on the sale of its investment portfolio, an abnormal item in PT Indonesia Bulk Terminal and profits on the sale of properties, businesses and investments.

Comparisons with the previous corresponding period are as follows:-

	2004 \$000	2003 \$000	% Change
Profit after tax before non regular items	40,439	40,906	- 1.1%
Profit after tax and non regular items	98,044	45,361	+ 116.1%
Share of Net Profits of Associates	55,464	21,129	+ 162.5%
Earnings per share	41.1c	19.0c	+ 116.1%
Interim Dividend	8.0c	7.0c	+ 14.3%

INTERIM DIVIDEND

Directors have declared an interim dividend of 8 cents per share in respect of the half year ended 31st January, 2004 an increase of 14.3% over last year's interim dividend of 7 cents per share. The dividend will be fully franked at the tax rate of 30% and payable on 13 May, 2004.

INVESTMENTS – Share Portfolio

The return for the half year from the Company's listed investment portfolio, including unrealised gains, was 14.2% compared to the Benchmark S&P/ASX 300 Accumulation Index of 7.2% for the same period. The market value of the listed investment portfolio as at 31 January, 2004 was \$1.5 billion.

During the half year \$13.4 million was invested in listed and unlisted equities. The main purchases were Huntley Investment Co. Ltd., Ruralco Limited, Pacific Strategic Investments Limited and Beston Wine Industry Trust. Sales of equities amounted to \$10.2 million and included the sale of shares in Abigroup Limited, Sabre Group Limited, WMC Resources Limited, Prudential Investment Co. Limited and Hudson Timber Products Limited.

Dividend income from investments increased 5.5% from \$5.4 million to \$5.8 million.

INVESTMENTS –Associated Entities

Australian Pharmaceutical Industries Limited (API) (Group Shareholding 22.9%)

The Group's equity accounted profit from API amounted to \$2.9 million compared with the result from the previous corresponding period of \$3.6 million.

Integrated healthcare services company API reported a decline of 12.4% in their net profit after tax to \$12.6 million for the half year ended 31 October, 2003. The decrease in profit was due to higher depreciation and goodwill amortisation costs, significant non-recurring costs relating to the temporary closure of API's manufacturing facility at Kingsgrove and a slower than expected recovery in sales in the core pharmaceutical business unit following re-location to new facilities in the last quarter of the 2003 financial year.

API maintained its interim dividend of 6.25 cents per share which was paid on 30 January, 2004.

Brickworks Limited (Brickworks) (Group shareholding 49.8%)

The Group's equity accounted profit from Brickworks amounted to \$45.8 million compared with \$9.9 million in the previous corresponding period.

Brickworks Limited net profit after tax increased by 221% to \$105 million, up from \$32.7 million in the previous corresponding period, the Company's seventh consecutive record first half profit.

The result was driven by five months of trading from the newly acquired Bristle Limited operations and the profit from the sale of the Company's investment portfolio to Brickworks Investment Company Limited.

Earnings per share also increased by 221% to 79.7 cents (24.8 cents previously) and the Company increased the interim dividend from 7 cents per share to 9 cents per share, an increase of 29%.

Net profit after income tax and excluding significant and intangible items such as the sale of the Company's investment portfolio, one-off funding costs and the goodwill and brand names write-off, increased by 31% to \$42.8 million.

Solid demand from the housing industry and the expanded national operations allowed the building products division to lift total sales by 159% to \$250 million from \$96.4 million, with earnings before interest, tax and amortisation (EBITA) up 173% to \$49.5 million.

Clover Corporation Limited (Clover) (Group Shareholding 28.9%)

The Group's equity accounted loss (after amortisation of goodwill on acquisition) from Clover amounted to \$23,600 for the half year compared with a loss of \$37,000 for the same period last year.

Clover reported a net profit after tax of \$337,000 for the half year ended 31 December, 2003, an increase of 15.4% over the previous corresponding period. Sales revenue increased by 87.6% due to greater market penetration of Omega³ DHA products.

In Australia, sales of Omega³ DHA microencapsulated powder to George Wetstons Foods have increased due to the popularity of their Tip Top UP™ bread which is now Australia's second biggest seller in the white bread category.

In February, 2004 Goodman Fielder announced the launch to the local market of Wonder White Omega³ DHA white bread using Nu-Mega's Omega³ DHA microencapsulated powders.

On 17 February, 2004 Clover shareholders voted in favour of a proposal to enter into a joint venture with Austgrains International to construct a soy flour milling facility at Moree, N.S.W. The joint venture company, Future Food Ingredients Pty. Ltd. has entered into a 10 year Technology Transfer Agreement with Byron Australia to manufacture, market and sell Processed Soy Matrix (PSM) both domestically and overseas. PSM is a stable, bland or neutral taste soy flour that has potential as an ingredient to the functional food market, similar to Clover's Omega³ DHA.

Pitt Capital Partners Limited (PCP) (Group Shareholding 50%)

PCP has had a positive first six months completing a number of corporate transactions and has made a useful contribution to the Group's half year profits. Corporate advisory work in progress for the next six months also looks pleasing. PCP has now established itself as a meaningful participant in the boutique Merchant Banking market place focusing on Advisory, Mergers and Acquisitions, IPO Underwritings and Funds Management.

CONTROLLED ENTITIES

COAL (New Hope Corporation Limited Group)

New Hope Corporation Limited is listed on the Australian Stock Exchange (ASX Code NHC) and the Group has a 63.5% shareholding.

The Group's share of profit after tax and outside equity interest of its controlled entity New Hope Corporation Limited for the half year ended 31 January, 2004 amounted to \$21.9 million.

For the six months ended 31 January, 2004 New Hope's profit after tax and outside equity interests was \$32.9 million compared with \$21million for the six months ended 31 January 2003. This included an abnormal item of \$13.6 million received by PT Indonesia Bulk Terminal as part of a settlement of a handling contract with a customer. Basic earnings per share for the period were 4.7 cents (previous period 3 cents). New Hope has declared an interim dividend of 0.75 cents per share.

Excluding the abnormal item, New Hope's results were lower than the previous corresponding half-year due to a decline in results from overseas operations compounded by the strengthening Australian Dollar against the US Dollar.

The combined coal production of New Hope Australia and its 40.8% owned associate PT. Adaro Indonesia totalled 13.5 million tonnes for the half year compared with 11.5 million tonnes in the previous half-year, an increase of 17%. Coal sales increased to 13.8 million tonnes over 12.5 million tonnes previously.

The combined throughput of the Coal handling operations of New Hope's associate, Queensland Bulk Handling Pty Ltd, (QBH) and PT Indonesia Bulk Terminal (IBT) was 5.4 million tonnes, slightly less than the 5.5 million tonnes in the previous six months period. Coal trading activities by Coaltrade Services International Pte Ltd (Coaltrade) in Singapore increased to 3.6 million tonnes from 1.4 million tonnes previously.

Australian Operations

New Hope Australia's profit after tax and outside equity interests was \$10.4 million for the 6 months ended 31 January 2004 compared with \$ 9.2 million for the previous six month period. The strong improvement in results was due to the commencement of significant operating capacity at the New Acland mine which contributed increased production (1.1 million tonnes) and operational efficiencies to the group's total production. The West Moreton mines, Jeebropilly and New Oakleigh produced 500,000 tonnes. Total production for the review period was 1.6 million tonnes compared with 1.2 million tonnes previously.

Associated company QBH (50% owned by New Hope) contributed positively to the result despite slightly lower coal throughput at its Port of Brisbane coal loader. However, Queensland Commodity Exports Pty Ltd (33% owned by New Hope) produced losses from its woodchip exports due to low woodchip exports prices and limited markets.

Overseas Operations

PT Adaro Indonesia (Adaro), PT Indonesian Bulk Terminal (IBT) and Coaltrade contributed a profit after tax and outside equity interests of \$22.5 million to New Hope compared with \$11.8 million in the previous corresponding half year.

IBT continued to operate efficiently handling 3.6 million tonnes of coal for Adaro and other coal producers during the review period. An after tax amount of US\$15 million was received by IBT from PT Paiton Energy as payment for cessation of contractual obligations. The funds received together with regular loan repayments has reduced IBT debt to US\$30 million as at 31 January 2004.

Coaltrade's trading volumes have risen to 3.6 million tonnes supplied to eight countries during the half-year.

MEDIA - NBN Television Limited (NBN)

NBN's net profit after tax for the six months ended 31 January, 2004 was \$3.8 million, an increase of 26.7% on the same period last year and in advance of budget projections.

The result has been achieved by an improving advertising market, the continuation of an extensive national marketing campaign, strong ratings and cost controls.

Whilst total revenue for the period grew 4.4%, national revenue increased by almost 6%, with double digit growth being experienced in the first months of 2004. Revenue in the last half of the 2003 calendar year was impacted by the Rugby World Cup on the Seven Network and affiliates in October/November. Market share of revenue in the months outside the Rugby World Cup was approximately 44% - considerably higher than the national average for the Nine Network stations of approximately 39%.

NBN recorded the highest ratings across all Australian major markets in 2003 which was the 8th time in the last 10 years that NBN has been Australia's highest rating television station. NBN's Northern NSW market is Australia's 4th largest television market behind Sydney, Melbourne and Brisbane.

The Company established a new digital post production and state of the art audio facility in October, 2003 and completed construction of Australia's first High Definition Outside Broadcast unit in January, 2004. These facilities are expected to provide a solid contribution to earnings growth in the next six month period.

Whilst new initiatives continue to be funded, the use of technology to create operational efficiencies is highlighted by the control in operating expenses, which grew by just 1% compared with the same period last year.

The new year's ratings have seen an increase on last year's comparatives which, combined with the Company's strong marketing and buoyant advertising market, should ensure that NBN is in the best possible position to continue its earnings growth through the second half of the financial year.

TELECOMMUNICATIONS - SP Telecommunications Limited (SPT)

SPT is listed on the Australian Stock Exchange (ASX Code SOT) and the Group has a 54.9% shareholding.

The Group's share of profit after tax and outside equity interest of its controlled entity SPT for the half year ended 31 January, 2004 amounted to \$2.4 million.

SOT reported a net profit after tax of \$4.3 million for the half year ended 31 January, 2004, more than double the result for the same period last year. Earnings per share increased to 2.3 cents compared with 1.2 cents previously.

A large proportion of SOT's profit growth continues to result from the management and operation of the SPT Telecommunications Pty. Limited and Kooee Pty. Limited Joint Ventures. SOT's aggregated revenue (i.e., including the share of revenue from the joint venture operations) increased substantially to \$42.9 million in the current half year from \$18.9 million in the first half of 2003. SOT continues to expand geographically in network coverage and in the products and services offered.

SOT has announced the payment of a fully franked interim dividend of 0.75 cents per share payable in May, 2004.

Cromford Pty. Limited

The continued buoyancy of the building industry during the period under review assisted by successful diversification has enabled Cromford to increase profit after tax by 38.0% to \$605,000 compared with the previous corresponding period. The improved result was most satisfactory having been achieved despite strong import competition from Asia due to the rising Australian dollar.

Keith Harris & Co. Ltd.

Keith Harris & Co. Ltd. is listed on the Australian Stock Exchange (ASX Code HAK) and the Group has a 84.2% shareholding.

Keith Harris has announced a loss of \$188,000 for the half year compared with a profit of \$1.4 million for the same period last year. The Group's share of the loss from Keith Harris amounted to \$158,000 compared with a profit of \$1.2 million for the previous corresponding period.

On 1 December, 2003 Keith Harris announced that it had acquired a 63% controlling interest in Balfours Australia Pty. Ltd. (Balfours). Balfours' results for December, 2003 and January, 2004 have been consolidated into Keith Harris' first half result and as a consequence earnings have been adversely affected.

During the second half Balfours will re-locate its Adelaide manufacturing plant to new premises with a resultant lift in efficiencies and productivity. Installation of new bread making equipment from the USA will enable the company to enter the bread market in South Australia and introduce new fresh bakery technology at Beta Bake in N.S.W. which will ultimately improve productivity and lower costs.

To fund the acquisition of Balfours, Keith Harris intends to raise approximately \$20 million in additional equity capital details of which will be announced when finalised.

The Australian Food and Fragrance Division performed well during the period posting a 20% increase in profit

On 5 March, 2004 Keith Harris accepted an offer for its Juice Business and settlement is scheduled for May, 2004, conditional upon receiving shareholders' approval and subject to finalisation and exchange of contracts.

Keith Harris' Indonesian Joint Venture in which it has a 42% shareholding, is scheduled to commence operations in April, 2004 and will manufacture a range of essences and flavourings for the food ingredient market in Asia.

End document