

Washington H. Soul Pattinson and Company Limited

ABN 49 000 002 728

Half Yearly Report

Reporting period:

Half year ended 31 January, 2004

Previous corresponding period:

Half year ended 31 January, 2003

Results for announcement to the market

				\$000
Revenue from ordinary activities	Up	28.6%	to	262,831
Profit after tax before non regular items attributable to members	Down	1.1%	to	40,439
Profit after tax and non regular items attributable to members	Up	116.1%	to	98,044

Dividends

	Cents per share	Franking %
This period		
Interim Dividend	8c	100%
Previous corresponding period		
Interim Dividend	7c	100%
Record date for determining entitlements to interim dividend		28-Apr-04
Date the dividend is payable		13-May-04

Comments on above results

- ** Profit from non regular items of \$57.6 million due principally to:
- Equity accounted Brickworks Ltd profit on the sale of its investment portfolio
 - Abnormal item in PT Indonesia Bulk Terminal
 - Profits on the sale of properties , businesses and investments
- ** Interim Dividend increased by 14.3% to 8 cents per share

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

Statement of Financial Performance
For the half year ended 31 January, 2004

	Current Period \$000	Previous Corresponding Period \$000
Operating Profit after Income Tax before Non Regular Items	40,439	40,906
Non Regular Items after Income tax	57,605	4,455
Revenue	262,831	204,414
Less Expenses excluding Borrowing Costs	166,696	152,944
Less Borrowing Costs	3,906	4,605
Share of Net Profits of Associates	55,464	21,129
Operating Profit before Income Tax	147,693	67,994
Less Income Tax Expense/(Benefit)	23,388	11,321
Net Profit Before Extraordinary Item	124,305	56,673
Profit from Extraordinary Item after Income Tax	-	-
Net Profit Before Outside Equity	124,305	56,673
Less Net Profit attributable to Outside Equity Interests	26,261	11,312
Net Profit attributable to Soul Pattinson Shareholders	98,044	45,361
Decrease in Asset Revaluation Reserve	-	-
Net exchange difference on translation of controlled entities	(6,276)	(2,882)
Total attributable to Soul Pattinson Shareholders recognised directly in equity	(6,276)	(2,882)
Total Net Profit and Items Recognised Directly in Equity	91,768	42,479

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

Statement of Financial Position as at 31 January, 2004

	31-Jan-04	31-Jul-03
	\$000	\$000
CURRENT ASSETS		
Cash	51,357	38,503
Receivables	134,453	92,847
Inventories	18,333	25,576
Other	6,437	6,294
TOTAL CURRENT ASSETS	210,580	163,220
NON CURRENT ASSETS		
Receivables	42,451	20,437
Investments - Associates	392,313	349,237
- Other	144,613	153,315
Property, plant and equipment	345,250	334,689
Intangibles	81,578	78,369
Tax	13,502	15,302
Other	675	713
TOTAL NON-CURRENT ASSETS	1,020,382	952,062
TOTAL ASSETS	1,230,962	1,115,282
CURRENT LIABILITIES		
Accounts Payable	47,876	33,113
Interest Bearing	71,299	53,064
Provisions	12,374	20,829
Tax	12,116	6,256
Other	1,165	575
TOTAL CURRENT LIABILITIES	144,830	113,837
NON-CURRENT LIABILITIES		
Accounts Payable	26,500	14,359
Interest Bearing	88,672	122,124
Provisions	8,532	8,289
Tax	11,420	13,138
Other	6,200	6,070
TOTAL NON-CURRENT LIABILITIES	141,324	163,980
TOTAL LIABILITIES	286,154	277,817
NET ASSETS	944,808	837,465
EQUITY		
Contributed Equity	32,900	32,900
Reserves	424,442	430,866
Retained Profits	347,920	266,160
Equity attributable to Soul Pattinson Shareholders	805,262	729,926
Outside equity interest in controlled entities	139,546	107,539
	944,808	837,465

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

Statement of Cash Flows
For the half year ended 31 January, 2004

	Current Period \$000	Previous Corresponding Period \$000
Cash Flows From Operating Activities		
Receipts from customers	215,097	187,191
Payments to suppliers and employees	(130,680)	(138,296)
	84,417	48,895
Dividends Received	26,877	25,124
Interest Received	2,340	1,447
Borrowing costs paid	(4,744)	(8,152)
Income Tax paid	(15,717)	(15,316)
Net Cash Inflow from Operating Activities	93,173	51,998
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(20,744)	(32,357)
Proceeds from sale of property, plant and equipment	5,591	1,467
Payments for investments	(22,469)	(4,616)
Proceeds from sale of investments	9,953	8,078
Loans advanced	(153)	(605)
Repayment of loans advanced	1,359	4,608
Sale of businesses	5,761	-
Acquisition of controlled entities	(59)	-
Net Cash Inflow (Outflow) from Investment Activities	(20,761)	(23,425)
Cash Flows From Financing Activities		
Proceeds from Issue of Shares	5,943	11
Proceeds from borrowings	28,857	19,967
Repayment of borrowings	(44,624)	(17,551)
Dividends paid	(24,418)	(31,869)
Net Cash Inflow (Outflow) from Financing Activities	(34,242)	(29,442)
Net Increase (Decrease) in Cash Held	38,170	(869)
Cash at the beginning of the financial year	80,932	64,287
Effect of exchange rate changes on cash	(2,728)	(2,010)
Cash at the end of the financial year	116,374	61,408

Washington H. Soul Pattinson and Company Limited

Basis of preparation of half year financial report

The half year consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting", the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The half year financial report is to be read in conjunction with the 2003 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 obligations arising under 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 2003 Annual Financial Report.

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

Revenue and Expenses from ordinary activities

	HYE 31.1.04 \$000	HYE 31.1.03 \$000
Revenue from sales or services	175,544	179,805
Interest revenue	2,309	1,868
Other relevant revenue		
Sales from Investments	22,091	6,578
Sales from Properties	4,340	1,305
Sales from Businesses	5,761	-
Dividend Income	5,828	7,277
Other Income	46,958	7,581
Details of relevant expenses		
Cost of Sales	119,544	101,764
Expenses - Selling & Distribution	35,196	22,568
Expenses - Administration	11,956	15,506
Depreciation & Amortisation	15,520	13,384

	HYE 31.1.04 \$000	HYE 31.1.03 \$000
Details of Non Regular Items		
Profit on Disposal of Land and Buildings	3,131	1,306
Profit on Disposal of Investments	6,581	1,238
Profit on Disposal of Business	3,242	-
Part settlement of handling contract	9,410	-
Demerger Dividend	-	1,911
Sale of Investment Portfolio by associate	35,241	-
Total Non Regular Items	57,605	4,455

Washington H. Soul Pattinson and Company Limited

Details of Investments in Associates

Name of associated entity	Percentage of ownership at balance date		Contribution to Net Profit	
	2004	2003	HYE 31.1.04	HYE 31.1.03
	%	%	\$000	\$000
Brickworks Limited	49.8	49.8	45,807	9,890
Queensland Bulk Handling Pty Ltd	31.7	34.7	91	209
Queensland Commodity Exports Pty Ltd	21.2	23.1	(13)	116
Clover Corporation Limited	28.6	28.5	(24)	(37)
Australian Pharmaceutical Industries Limited	23.1	22.3	2,896	3,593
Pacific Strategic Investments Limited	27.8	24.8	543	(138)
Pitt Capital Partners Limited	50.0	50.0	935	175
Souls Funds Management Limited	50.0	-	(180)	-
PT Adaro Indonesia	25.9	28.3	1,004	3,086
Vindoor Investments (Mauritius) Ltd	25.9	28.3	3,504	4,330
SPT Telecommunications Pty Ltd	27.4	28.3	1,103	(128)
Koosie Pty Limited	27.4	-	115	-
Windsor Farm Foods Limited	20.0	20.0	(74)	33
Soda Incorporated Pty Ltd	40.3	-	(243)	-
			55,464	21,129

Indonesian Government Regulation No. 144/2000, which is effective from 1 January, 2001, stipulates that coal is no longer VAT-able and as a result PT Adaro Indonesia is unable to seek registration for VAT inputs incurred from this date onwards. Management of PT Adaro had agreed with the Indonesian Department of Mines that the VAT credit could be offset against production sharing payments due by PT Adaro to the Department of Mines. The Department of Finance has not yet agreed in writing to the offsetting arrangement with the Indonesian Department of Mines.

Correspondence received from the Director of Directorate of Coal disagrees with PT Adaro's right to offset the claiming of VAT credits against the royalty payable and is seeking payment of all amounts offset since 1 January, 2001, being US\$66.4 million (AUD\$86.8 million) - Group Share AUD\$22.9 million

This is contrary to previous written advice from the Department of Mines and verbal assurances received. The directors of both PT Adaro and New Hope Corporation Limited acknowledge that there is significant uncertainty as to whether the position will be resolved in favour of either the Indonesian Department of Mines or the Department of Finance.

There is a risk that some or all of the VAT credits recognised by PT Adaro prior to 1 January, 2002 will need to be repaid to the government, with settlement by way of instalments over a number of years. In the event that the Department of Finance does not agree with the position adopted by the Department of Mines, the maximum exposure would be limited to the net VAT credits recognised in PT Adaro's operating profit between 1 January, 2001 and 31 January, 2004. At 31 January, 2004 this amounts to US\$29.4 million (AUD\$38.5 million) - Group share AUD\$10.1 million. However, the directors remain confident that no VAT credits recognised in operating profit will need to be refunded.

Washington H. Soul Pattinson and Company Limited

Retained Profits	31-Jan-04 \$000	31-Jan-03 \$000
Retained profits at the beginning of the financial year	266,160	196,297
Net profit attributable to members of the Group	98,044	45,361
Net effect on initial adoption of accounting standard by Associate	(65)	-
Dividends paid or payable	(16,219)	5,698
Retained profits at the end of the financial year	347,920	247,356

Acquisition of Controlled Entity

Keith Harris & Co. Limited acquired 63% of the issued shares of Balfours Australia Pty. Limited on 30 November, 2003.

Contingent Liabilities

There has been no material change since the end of the last financial year.

Dividend distributions per security in respect of half year ended 31 January, 2004

		\$000	Amount per security C P S	Franking per security C P S
Interim Dividend	Current half year	19,091	8.0c	8.0c
	Previous corresponding period	16,705	7.0c	7.0c
The financial effect of the interim dividend for the current half year, having been declared subsequent to reporting date, has not been brought to account in the consolidated financial statements for the half year ended 31 January, 2004				
Final Dividend 2003				
A final dividend, not previously recognised in retained profits, was paid on 24 November, 2003.		23,864	10.0c	10.0c
No dividend distribution 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.				

Washington H. Soul Pattinson and Company Limited

31-Jan-04

31-Jan-03

Earnings per Security (EPS)

Calculation of the following in accordance with AASB 1027: Earnings per share

(a) Basis EPS (cents)	41.1	19.0
Adjusted weighted average number of ordinary shares	238,640,580	238,640,580
(b) Diluted EPS (cents)	41.1	19.0
	\$000	\$000
Earnings reconciliation		
Net Profit	124,305	56,673
Net Profit attributable to outside equity interests	(26,261)	(11,312)
Basic Earnings	98,044	45,361
Diluted Earnings	98,044	45,361

NTA backing

Net tangible asset backing per ordinary security	\$3.03	\$2.66
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Washington H. Soul Pattinson and Company Limited

SEGMENT OPERATIONS

	Revenue		Profit after Tax	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
Primary Reporting - Industry Segments				
Coal Mining	138,024	94,677	43,313	16,863
Investment	30,387	16,145	13,197	9,297
Media	37,679	36,037	3,835	3,023
Telecommunications	8,300	18,169	2,339	2,571
Fruit Products	6,187	6,932	232	538
Flavours and Fragrances	6,008	6,421	397	435
Pharmaceutical	15,425	21,132	3,593	391
Property	4,806	3,127	3,172	2,113
Unallocated	19,029	6,182	(1,237)	313
Associates (Note a)	-	-	55,464	21,129
Intersegment (Note b)	(3,014)	(4,408)	-	-
Group Totals	262,831	204,414	124,305	56,673
Secondary Reporting - Geographical Segments				
Australia	197,271	170,708	84,105	40,914
South East Asia	65,560	33,706	40,200	15,759
Group Totals	262,831	204,414	124,305	56,673

Products and Services

Investment	Investment in shares and short-term deposits.
Coal Mining	Coal mining in Australia and Indonesia.
Media	Television advertising and commercial and program production.
Pharmaceutical	Pharmaceutical retailing.
Telecommunications	Licensed carrier and retailer of telecommunication services and products
Fruit Products	Fruit product processing, sales and distribution.
Flavours and Fragrances	Flavours, fragrances, aromatic chemicals and essential oil manufacture.
Property	Sale and rental of properties.

NOTES:**(a) Associates**

Revenue from associates is not included in total Revenue.

Total assets includes the company's share of associates increase in post acquisition profits and reserves.

	Consolidated	
	2004 \$000	2003 \$000
(b) Split of Intersegment revenue is as follows:		
Investment	820	1,078
Property	-	1,367
Media	964	838
Telecommunications	1,230	1,125
	3,014	4,408

All Intersegment revenue is based on commercial rates

(c) Split of outside equity interest is as follows:

Coal Mining	26,016	10,039
Telecommunications	935	1,011
Flavours and Fragrances	84	105
Fruit Products	37	85
Investment	80	72
Unallocated	(891)	-
	26,261	11,312

(d) Split of non regular items is as follows:

Investment	6,581	3,149
Property	3,131	1,306
Coal Mining	9,410	-
Brickworks Limited	35,241	-
Pharmaceutical	3,242	-
	57,605	4,455