

Washington H. Soul Pattinson and Company Limited

ABN 49 000 002 728

Preliminary Final Report

Reporting period: Year ended 31 July, 2005
Previous corresponding period: Year ended 31 July, 2004

Results for announcement to the market

				\$000
Sales Revenue from ordinary activities	Up	52.0%	to	597,104
Profit after tax before non regular items attributable to members	Up	29.0%	to	105,109
Profit after tax and non regular items attributable to members	Up	170.3%	to	421,455

Dividends

	Cents per share	Franking %
This period		
1. Final Dividend	15c	100%
2. 2nd Special Dividend re NBN Sale (previously announced 16.6.2004)	10c	100%
3. Special Dividend - Result of profit distribution by NHC from the sale of its international coal asset	5c	100%
Previous corresponding period		
1. Final Dividend	12c	100%
2. 1st Special Dividend re NBN Sale	10c	100%
Record date for determining entitlements to both final and special dividends		27 October,2005
Ex Dividend Date		21 October,2005
Date the final and special dividends are payable		28 November,2005

Comments on above results

- ** Operating profit after tax and before non-regular items up by 29% to \$105.1M due to increase in profit from coal operations assisted by gains from investments and merchant banking**
- ** Final dividend increased by 25% to 15 cents per share**
- ** Two fully franked special dividends totalling 15 cents per share to be paid with final dividend**
- ** Gains on non-regular items up 170% due mainly to share of NHC's profit on sale of coal assets**

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

Statement of Financial Performance
For the year ended 31 July, 2005

	Current Period \$000	Previous Corresponding Period \$000
Operating Profit after Income Tax before Non Regular Items	105,109	81,508
Non Regular Items after Income tax	<u>316,346</u>	<u>74,417</u>
Revenue	1,278,799	528,992
Less Expenses excluding Borrowing Costs	636,658	367,688
Less Borrowing Costs	6,803	8,069
Share of Net Profits of Associates	43,743	78,489
Share of Partnership Profits	<u>2,882</u>	<u>2,499</u>
Operating Profit before Income Tax	681,963	234,223
Less Income Tax Expense	<u>86,808</u>	<u>41,647</u>
Net Profit Before Outside Equity	595,155	192,576
Less Net Profit attributable to Outside Equity Interests	<u>173,700</u>	<u>36,651</u>
Net Profit attributable to Soul Pattinson Shareholders	<u>421,455</u>	<u>155,925</u>
 Increase in Asset Revaluation Reserve	 2,711	 50,174
Net exchange difference on translation of controlled entities	<u>(6,718)</u>	<u>(1,322)</u>
Total attributable to Soul Pattinson Shareholders recognised directly in equity	<u>(4,007)</u>	<u>48,852</u>
Total Net Profit and Items Recognised Directly in Equity	<u>417,448</u>	<u>204,777</u>

Statement of Financial Position as 31 July, 2005

	31-Jul-05 \$000	31-Jul-04 \$000
CURRENT ASSETS		
Cash	119,039	128,419
Receivables	806,602	139,842
Inventories	33,926	20,276
Other	9,156	6,937
TOTAL CURRENT ASSETS	<u>968,723</u>	<u>295,474</u>
NON CURRENT ASSETS		
Receivables	26,215	19,603
Investments - Associates	429,852	425,295
- Other	210,884	169,012
Property, plant and equipment	293,565	358,707
Intangibles	240,136	131,949
Tax	25,483	13,262
Other	25,184	1,391
TOTAL NON-CURRENT ASSETS	<u>1,251,319</u>	<u>1,119,219</u>
TOTAL ASSETS	<u>2,220,042</u>	<u>1,414,693</u>
CURRENT LIABILITIES		
Accounts Payable	118,727	59,934
Interest Bearing	18,118	59,427
Provisions	47,418	37,585
Tax	68,256	14,036
Other	1,946	824
TOTAL CURRENT LIABILITIES	<u>254,465</u>	<u>171,806</u>
NON-CURRENT LIABILITIES		
Accounts Payable	10,458	14,396
Interest Bearing	59,801	58,746
Provisions	17,011	33,695
Tax	22,208	14,537
Other	9,477	9,020
TOTAL NON-CURRENT LIABILITIES	<u>118,955</u>	<u>130,394</u>
TOTAL LIABILITIES	<u>373,420</u>	<u>302,200</u>
NET ASSETS	<u>1,846,622</u>	<u>1,112,493</u>
EQUITY		
Contributed Equity	32,900	32,900
Reserves	489,403	479,687
Retained Profits	738,145	354,922
Equity attributable to Soul Pattinson Shareholders	<u>1,260,448</u>	<u>867,509</u>
Outside equity interest in controlled entities	586,174	244,984
	<u>1,846,622</u>	<u>1,112,493</u>

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

Statement of Cash Flows
For the year ended 31 July, 2005

	Current Period \$000	Previous Corresponding Period \$000
Cash Flows From Operating Activities		
Receipts from customers	639,124	464,010
Payments to suppliers and employees	(526,358)	(305,341)
	<u>112,766</u>	<u>158,669</u>
Dividends Received	89,486	43,634
Interest Received	14,689	5,203
Borrowing costs paid	(5,280)	(8,519)
Income Tax paid	(28,239)	(27,752)
Net Cash Inflow from Operating Activities	<u>183,422</u>	<u>171,235</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(78,106)	(45,552)
Proceeds from sale of property, plant and equipment	6,933	7,277
Payments for investments	(112,595)	(39,417)
Proceeds from sale of investments	521,693	39,405
Loans advanced	(6,065)	(110)
Repayment of loans advanced	44,513	3,076
Sale of businesses	14,315	11,756
Sale of Controlled Entities	-	876
Acquisition of controlled entities	(45,573)	(10,081)
Net Cash Inflow (Outflow) from Investment Activities	<u>345,115</u>	<u>(32,770)</u>
Cash Flows From Financing Activities		
Proceeds from Issue of Shares	185,720	94,365
Proceeds from borrowings	39,842	20,326
Repayment of borrowings	(78,824)	(89,157)
Dividends paid	(93,422)	(41,725)
Net Cash Inflow (Outflow) from Financing Activities	<u>53,316</u>	<u>(16,191)</u>
Net Increase (Decrease) in Cash Held	581,853	122,274
Cash at the beginning of the financial year	204,006	80,933
Cash from Associate now treated as Controlled Entity	-	1,810
Effect of exchange rate changes on cash	(1,435)	(1,011)
Cash at the end of the financial year	<u><u>784,424</u></u>	<u><u>204,006</u></u>

Note 1

Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of the ASX Appendix 4E

The accounting policies adopted in the preparation of this preliminary final report are consistent with those adopted and to be disclosed in the 2005 Annual Report

In the current financial year some parts of the Group have adopted the tax consolidation legislation. Tax sharing agreements have been implemented.

This Appendix 4E is based on the 2005 financial report which is in the process of being audited

Note 2

Revenue and Expenses from ordinary activities

	2005 \$000	2004 \$000
Revenue from sales or services	597,104	392,854
Interest revenue	18,017	5,501
Other relevant revenue		
Sales from Investments	547,027	49,175
Sales from Properties	4,696	5,433
Sales from Businesses	14,315	11,756
Dividend Income	16,426	11,976
Details of relevant expenses		
Cost of Sales	447,100	261,295
Expenses - Selling & Distribution	101,163	79,087
Expenses - Administration	87,823	25,477
Depreciation & Amortisation	34,014	32,454

Note 3

	2005 \$000	2004 \$000
Details of Non Regular Items (net of income tax)		
Profit on Disposal of Land and Buildings	3,990	4,077
Profit on Disposal of Investments	263,541	18,436
Profit on Disposal of Business	5,261	4,564
Settlement of coal handling contract	-	8,692
Gains on new issue of shares by controlled entities, associates	71,725	-
Restructure costs	(2,345)	-
Non Regular Items from Associates	(21,639)	36,982
Tax benefit from tax consolidation	-	1,666
Write-down of Goodwill	(4,187)	-
Total Non Regular Items	316,346	74,417

Note 4

Details of Investments in Associates

Name of associated entity	Percentage of ownership		Contribution to Net Profit	
	at balance date			
	2005	2004	2005	2004
	%	%	\$000	\$000
Brickworks Limited	49.5	49.8	(2,175)	60,748
Queensland Bulk Handling Pty Ltd	32.1	31.7	627	61
Queensland Commodity Exports Pty Ltd	21.4	21.1	(15)	52
Clover Corporation Limited	28.6	28.6	2	116
Australian Pharmaceutical Industries Limited	21.0	23.2	6,441	4,242
Pacific Strategic Investments Limited	-	27.6	-	790
Pitt Capital Partners Asia Limited	26.5	25.0	-	(27)
PT Adaro Indonesia	-	25.9	17,024	3,599
Vindoor Investments (Mauritius) Ltd	-	25.9	19,992	7,029
SPT Telecommunications Pty Ltd	25.5	22.3	1,662	2,219
Koeee Pty Limited	25.5	22.3	264	212
Windsor Farm Foods Limited	23.8	15.9	(64)	(217)
Specialist Oncology Property Pty Ltd	3.4	-	70	-
Austgrains Pty Ltd	5.7	-	74	-
Soda Incorporation Pty Ltd	-	43.4	(13)	(335)
(contribution before becoming a controlled entity)				
B Shop Telecommunications Pty Ltd	25.5	-	(120)	-
Asian Property Investments Limited	4.4	-	(26)	-
Hydramatic Engineering Pty Limited	4.7	-	-	-
			<u>43,743</u>	<u>78,489</u>

Note 5

Retained Profits	2005 \$000	2004 \$000
Retained profits at the beginning of the financial period	354,922	266,160
Net profit attributable to members of the Group	421,455	155,925
Dividends paid or payable	(36,192)	(67,163)
Equity Adjustment	6,900	-
Transfer to Reserves	(8,940)	-
Retained profits at the end of the financial period	738,145	354,922

Note 6

Dividend distributions per security				
		\$000	Amount per security C P S	Franking per security C P S
Final Dividend	Current year (recommended)	35,796	15.0c	15.0c
	Previous year	28,637	12.0c	12.0c
Special Dividends	Current year (re from sale of NBN Television)	23,864	10.0c	10.0c
	Current year (re NHC sale of international coal assets)	11,932	5.0c	5.0c
	Previous year (re sale of NBN Television)	23,864	10.0c	10.0c
Interim Dividend	Current year	23,864	10.0c	10.0c
	Previous year	19,091	8.0c	8.0c
Total Dividends	Current year	95,456	40.0c	40.0c
	Previous year	71,592	30.0c	30.0c
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

2005

2004

Earnings per Security (EPS)

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

(a) Basis EPS (cents) before non regular items	44.0	34.2
Basic EPS (cents) after non regular items	176.6	65.3
Adjusted weighted average number of ordinary shares	238,640,580	238,640,580
(b) Diluted EPS (cents)	176.6	65.3
	\$000	\$000
Earnings reconciliation		
Net Profit	595,155	192,576
Net Profit attributable to outside equity interests	(173,700)	(36,651)
Basic Earnings	<u>421,455</u>	<u>155,925</u>
Diluted Earnings	<u>421,455</u>	<u>155,925</u>

Note 8

NTA backing

Net tangible asset backing per ordinary security	<u>\$4.28</u>	<u>\$3.08</u>
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Note 9

Acquisition of Controlled Entities

- (a) Washington H. Soul Pattinson & Co. Limited acquired 11.8% of Souls Private Equity Limited and has a majority representation on the board of directors.
- (b) on 1 December, 2004 SP Telemedia Limited acquired 100% of Comindico Australia.
- (c) On 3 September, 2004 KH Foods Limited acquired 100% of Mills and Ware
- (d) On 4 January, 2005 KH Foods Limited acquired the remaining 37% of Balfours Australia Pty. Ltd.
- (e) On 10 December, 2004 Souls Private Equity Limited acquired 100% on PCP Holdings Pty Ltd and 100% of Geoffrey Hill and Associates Pty Limited
- (f) On 28 February, 2005 Souls Private Equity Limited increased its holding in Soda Incorporation Pty Ltd to 63.8%
- (g) On 21 April, 2005 SP Telemedia Limited acquired 43% on B Digital Limited

Note 10

Sale of Controlled Entities

In June 2005 New Hope Corporation Limited sold PT Indonesia Bulk Terminal and Indonesia Coal Pty Ltd.

Note 11

Discontinuing Operations

On 22 June, 2005 New Hope Corporation Limited sold its 40.8% interest in the PT Adaro coal mine in Indonesia, its 50% interest in PT Indonesia Bulk Terminal and its 40.8% interest in Vindoor (Mauritius) Limited

On 31 January, 2005 KH Foods Limited sold its Flavour and Fragrances business

Note 12

International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board has adopted International Financial Reporting Standards for application to reporting periods beginning on or after 1 January, 2005. The AASB has issued Australian equivalents to IFRS. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half year ending 31 January, 2006 and the year ending 31 July, 2006. Entities complying for the first time will be required to re-state their comparative financial statements to amounts reflecting the application of IFRS to that comparative period.

The Company's management, together with its auditors, are assessing the significance of these changes and preparing for their implementation.

The Company has investments in many listed controlled and associated entities. Due to the late receipt of details from these entities, and the fact that a number have not quantified the impact of the transition, the Group is unable to enumerate the effect of the transition on its consolidated entity's financial position and reported results. However, indications are that they will have no material effect on the net worth or financial performance of the Group.

Major changes identified to date that will be required to the consolidated entity's existing accounting policies include the following which should not be regarded as a complete list of changes:

- 1.) Valuation of Investments in Associates due to changes required to be made by Associates in their accounts.
- 2.) Treatment of Business Combinations. On acquisition assets/liabilities acquired are to be valued at fair value and revalued accordingly. Discounts will be recognised directly in profits. All identifiable intangibles are to be recognised. Internally generated intangibles are to be de-recognised.
- 3.) Impairment. Assets are required to be reviewed annually for an indication of impairment. Where the carrying value of the asset exceeds the recoverable amount, the asset is required to be written down to that value. Where cash flows are used to determine recoverable amounts, these cash flows are to be discounted.
- 4.) Amortisation of Goodwill. Existing amortisation will be reversed and the impairment test applied.
- 5.) Revaluation of intangibles must be based on fair value in an active market.
- 6.) Income tax amounts are determined using the balance sheet method, not the income statement method currently used. This will affect the carrying value of investments in associates and asset revaluations.
- 7.) Financial investments are to be recorded at fair value, being the bid price, rather than the current policy of using cost price. Revaluations will go to reserves until the investment is sold and then is transferred to profit.
- 8.) Under share based payments, the fair value of shares/options issued to employees after 7 November, 2002 and not vested by 1 January, 2005, is required to be expensed.
- 9.) Foreign exchange contracts held for hedging purposes will be accounted for as cash flow hedges. Changes in the fair value of these contracts will be recognised directly in equity until the hedged transaction occurs and then included in the initial cost of the underlying transaction.
- 10.) The initial estimate of dismantlement, removal and restoration obligations associated with the retirement or disposal of an asset must be capitalised into the cost of the asset and depreciated over the asset's useful life.
- 11.) The cumulative amount of exchange differences of a foreign operation deferred in equity shall be recognised in profit when the foreign operation is disposed of.
- 12.) The revenue recognised in relation to the sale of non-current assets will be the net gain and not the gross proceeds as is the current policy.
- 13.) Research expenditure is to be expensed and not capitalised as may currently apply.
- 14.) Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments by note disclosure.

WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED - APPENDIX 4E FYE 31.7.2005

SEGMENT OPERATIONS:

	Revenue		Profit After Tax		Total Assets		Total Liabilities	
	2005	2004	2005	2004	2005	2004	2005	2004
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Primary Reporting Industry Segments								
Coal Mining	738,443	241,088	443,908	63,795	810,844	373,922	114,538	144,612
Investment	76,029	63,661	40,587	31,582	265,639	245,264	13,395	12,533
Media	81,870	77,118	8,042	7,543	179,546	179,789	64,221	48,393
Telecommunications	149,378	16,968	8,014	5,698	238,113	109,451	128,368	8,477
Bakery	101,064	62,819	(43,574)	(8,244)	72,367	55,558	44,539	47,524
Flavours & Fragrances	19,051	12,295	12,366	753	-	15,832	-	3,480
Property	6,820	6,324	4,793	4,207	5,278	8,149	-	-
Unallocated	112,406	56,922	77,276	8,753	221,329	18,574	56,451	56,698
Associates (Note a)	-	-	43,743	78,489	429,092	425,295	-	-
Intersegment (Note b)	(6,262)	(8,203)	-	-	(2,168)	(17,141)	(48,094)	(19,517)
Group Totals	1,278,799	528,992	595,155	192,576	2,220,040	1,414,693	373,418	302,200

	Acquisition Non Current Assets (Note e)		Depreciation / Amortisation		Other Non Cash Expenditure	
Coal Mining	19,342	24,439	22,449	22,791	1,081	189
Media	4,718	7,337	3,780	3,599	-	509
Telecommunications	36,392	953	5,430	2,308	-	(9)
Bakery	-	7,054	14,524	2,148	-	-
Flavours & Fragrances	-	918	-	561	-	167
Property	455	4,295	412	353	-	-
Unallocated	3,483	529	4,631	1,099	256	360
Group Totals	64,390	45,525	51,226	32,859	1,337	1,216

Secondary Reporting Geographical Segments

	Revenue		Acquisition Non Current Assets (Note e)		Total Assets	
Australia	740,376	436,580	63,911	44,488	2,216,116	1,198,208
South East Asia	538,423	92,412	479	1,037	3,924	216,485
Group Totals	1,278,799	528,992	64,390	45,525	2,220,040	1,414,693

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.
Telecommunications	Licensed carrier and retailer of telecommunication services and products
Bakery	Manufacture of biscuits and cakes
Flavours & Fragrances	Flavours, fragrances, aromatic chemicals and essential oil manufacture.
Property	Sale and rental of properties.

SEGMENT OPERATIONS (Cont.):

Consolidated
2005 2004
\$000 \$000

(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

(b) Split of Intersegment revenue is as follows:

Investment	-	2,093
Property	1,491	379
Telecommunications	2,416	2,480
Media	1,905	1,928
Unallocated	450	1,323
	<u>6,262</u>	<u>8,203</u>

All Intersegment revenue is based on commercial rates

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

Coal Mining	176,068	36,498
Telecommunications	3,739	2,284
Bakery	(23,050)	(4,178)
Flavours and Fragrances	5,894	249
Media	3,886	-
Investment	4,531	221
Unallocated	2,632	1,577
	<u>173,700</u>	<u>36,651</u>

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

Bakery	(6,533)	-
Associates	(21,639)	36,982
Investment	20,390	18,471
Property	3,990	4,077
Coal Mining	243,151	10,323
Flavours and Fragrances	5,259	-
Unallocated	71,728	4,564
	<u>316,346</u>	<u>74,417</u>

(e) Acquisition of non-current assets excludes investments