



CELEBRATING
120
YEARS



Appendix 4D Half Year Financial Report 31 January 2023

ASX Listing Rule 4.2A

Appendix 4D

Half Year Financial Report

ASX Listing Rule 4.2A

Results for announcement to the market

		Current period January 2023 \$'000	Prior period January 2022 \$'000	Change \$'000
Revenue from continuing operations ¹	down 74% to	290,485	1,120,120	(829,635)
Revenue from discontinued operations ²	down 100%	–	157,863	(157,863)
Profit/(loss) After Tax attributable to members	up 167% to	453,019	(673,626)	1,126,645
Regular Profit After Tax attributable to members ³	up 38% to	475,719	343,686	132,033

Dividends

	Cents per share cents	Franking %
Current period		
Interim dividend	36.0	100
Previous corresponding period		
Interim dividend	29.0	100
Record date for determining entitlement to interim dividend:	20 April 2023	
Date the interim dividend is payable:	12 May 2023	

No dividend reinvestment plan was in operation during the reporting period.

Reporting Period

The reporting period for this report is the half year ended 31 January 2023. The previous corresponding period ('pcp') is the half year ended 31 January 2022.

¹ Revenue from continuing operations for 31 January 2023 includes \$141 million from Ampcontrol Limited (acquired 31 May 2022). For 31 January 2022 it included \$1,026 million from New Hope Corporation (deconsolidated 29 July 2022).

² Revenue from discontinued operations in 2022 related to Round Oak Minerals Pty Limited which was sold on 1 July 2022. Refer to Note 9.

³ Regular Profit After Tax is a non-statutory profit measure and represents profit from continuing operations before Non-Regular items. A reconciliation to statutory profit is included in the Alternative Performance Measures section. Refer to pages 20 to 21.

Consolidated Entity perspective

This Consolidated Half Year Financial Report combines the operating results, financial position and cash flows of Washington H. Soul Pattinson and Company Limited (the Parent Entity, Company, WHSP) and each entity that it controls (subsidiaries), into a single set of financial statements.

Control of a subsidiary may occur where the Parent Entity owns less than 100% of the subsidiary. The term 'non-controlling interest' is used to describe that portion not owned by the Parent Entity. The non-controlling interest's share of the consolidated profit and net assets is disclosed separately in the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position and the Consolidated Statement of Changes in Equity.

Investments in which the Parent Entity or a subsidiary has significant influence but does not have control are termed 'associate entities'. Unlike subsidiaries, the individual financial reports of associates are not consolidated. Associates are generally equity accounted with the Consolidated Entity's share of an associate's result recorded in the Statement of Comprehensive Income. The investments in associates are disclosed as a line item (equity accounted associates) in the Consolidated Statement of Financial Position and are adjusted for the Consolidated Entity's share of the associate's result and decreased by any dividends received. This method treats dividends from associates as if they are a return of capital rather than being recognised in profit or loss.

New Hope Corporation Limited (New Hope)

As disclosed in the 2022 Annual Report, from 29 July 2022 WHSP determined it maintains significant influence over, but no longer controls New Hope. From that date, New Hope is recognised as an equity-accounted associate. In the Consolidated Statement of Comprehensive Income, the underlying revenue and expenses of New Hope are presented within the relevant revenue and expense category for the previous corresponding period. In the current period such amounts are combined into a single line, 'Share of results of equity accounted associates'. Although this results in a significant change in classification, there was not a change in WHSP's ownership of New Hope at the deconsolidation date. Had the previous corresponding period presented New Hope as an equity-accounted associate, there would be no change in the profits attributable to members of WHSP.

This is demonstrated in the following table which presents the previous corresponding period adjusted as if New Hope were equity accounted:

	Change on adjusted prior period %	Current period January 2023 \$'000	Prior period January 2022 Adjusted \$'000	Prior period January 2022 reported \$'000
Revenue from continuing operations	up 207% to	290,485	94,559	1,120,120
Revenue from discontinued operations	down 100%	–	157,863	157,863
Profit/(loss) After Tax attributable to members	up 167% to	453,019	(673,626)	(673,626)
Regular Profit After Tax attributable to members	up 38% to	475,719	343,686	343,686

The increase in revenue over the adjusted prior period was driven by the acquisition of Ampcontrol on 31 May 2022 and higher dividend income.

Portfolio perspective

WHSP is a diversified investment entity that manages its investments on a portfolio basis. In contrast to the consolidated financial report, the portfolio information reflects the entity's activities as an 'investor' and provides details of its investments (subsidiaries, associate entities and other investments).

Key performance measures

Consistent with its function as an investment vehicle, WHSP considers the key drivers of its success to be growth in the capital value of the portfolio (Net Asset Value or NAV) and a growing yield, as measured by the Parent Entity Net Cash Flows From Investments. WHSP does not consider its earnings to be a key indicator of its performance.

For a detailed explanation of the period's operating results, please refer to the Chairman's Review and Portfolio Review. A summary of the results is set out below.

Net Profit After Tax (including Non-Regular items) attributable to members

The Statutory Net Profit After Tax attributable to shareholders was \$453.0 million compared to a \$673.6 million loss in the previous corresponding period. The increase in Statutory Net Profit After Tax of \$1.1 billion was largely due to the previous period goodwill impairment of \$984.6 million arising from the Milton merger and the increase in Regular Profit After Tax attributable to members described below.

Regular Profit After Tax attributable to members

The Regular Profit After Tax attributable to shareholders for the half year ended 31 January 2023 was \$475.7 million compared to \$343.7 million for the previous corresponding period, representing an increase of \$132.0 million (38.4%).

The increase in Regular Profit after Tax was attributable to the following:

Portfolio	\$m	% change
Strategic Portfolio Primarily increased contribution from New Hope	127.9	+46%
Large Caps Portfolio Higher dividend income arising from the Milton acquisition on 5 October 2021	27.4	+95%
Private Equity Portfolio 1H22 included a contribution from Round Oak, sold in 1 July 2022, offset by larger contribution from Ampcontrol in 1H23	(28.4)	-100%
Emerging Companies Portfolio	1.3	+14%
Structured Yield Portfolio Increased interest income from new advances	11.1	+181%
Property Portfolio Net property devaluation compared to 1H22	(6.8)	-230%
Other Corporate costs and other unallocated items	(0.5)	+5%
Total	132.0	38.4%

Dividends

Interim dividends increased by 24.1% to 36 cents per share fully franked.

Earnings per share and Net Tangible Assets per share

	Current period 31 Jan 2023 cents	*Prior period 31 Jan 2022 cents
Earnings per share from continuing operations		
Basic earnings/(loss) per share	144.4	(248.6)
Diluted earnings/(loss) per share ¹	139.1	(248.6)
Regular Profit After Tax ³ attributable to members per share	148.7	118.0
Earnings per share from discontinued operations²		
Basic (loss)/earnings per share	(2.9)	5.4
Diluted (loss)/earnings per share ¹	(2.8)	5.4
Regular Profit After Tax ³ attributable to members per share	–	6.0
Earnings per share attributable to the Owners of Washington H. Soul Pattinson and Company Limited		
Basic earnings/(loss) per share	141.5	(243.2)
Diluted earnings/(loss) per share ¹	136.3	(243.2)
Regular Profit After Tax ³ attributable to members per share	148.7	124.1
	Current period 31 Jan 2023 \$	Prior period 31 July 2022 \$
Net Tangible Asset backing per ordinary security (based on the Consolidated Statement of Financial Position)	25.85	25.26
Net Asset Value (pre-tax) per ordinary security (based on the NAV statement included in the Chairman's Review)	29.05	27.58

* Prior period earnings per share figures have been adjusted for subsequent revisions to the purchase price allocation of Milton as disclosed in Note 4c of the financial report.

Review of operations

For a further explanation of the period's operating results, please refer to the Chairman's Review and Portfolio Review.

Audit

The Consolidated Half Year Financial Report has been reviewed by WHSP's auditors.

- ¹ Diluted earnings per share includes the impact of the convertible note holders converting their ordinary equity of the parent and assumes any long term incentive rights that vest in future reporting periods are expected to be satisfied by purchasing shares on the market. These items are excluded for 2022 as their effect would be anti-dilutive.
- ² Discontinued operations relate to the operations and sale of Round Oak Minerals Pty Limited (Round Oak) completed on 1 July 2022.
- ³ Regular Profit After Tax is a non-statutory profit measure and represents profit before Non-Regular items. A reconciliation to Statutory Profit After Tax is included in the Alternative Performance Measures section. Refer to page 21.

Half Year Financial Report

31 January 2023

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Reporting Period

The reporting period is the half year ended 31 January 2023. The previous corresponding period ('pcp') is the half year ended 31 January 2022.

Washington H. Soul Pattinson and Company Limited

Chairman's Review

Dear Shareholders,

I am pleased to present the 2023 Washington H. Soul Pattinson and Company Limited (WHSP, Company) Half Year Financial Report on behalf of the Board of Directors of the Company.

Financial Highlights

Performance for the period	January 2023	change vs pcg
Statutory Profit After Tax	\$453.0 million	\$1.1b
Regular Profit After Tax ¹	\$475.7 million	38.4%

Key Performance Indicators	January 2023	change vs pcg
Net Asset Value (pre-tax) ²	\$10,487 million	16.0%
Net Cash Flow From Investments ²	\$246.5 million	35.0%
Interim dividend per share (fully franked)	36 cents	24.1%
Interim Dividend growth over 20 years (ordinary dividend compound annual growth rate)	9.0%	
Total Shareholder Return over 20 years (to 31 January 2023)	12.3% p.a.	

Overview

WHSP is a unique investment in the Australian market that offers shareholders exposure to a diversified range of asset classes, industries, and investment strategies that are expected to perform throughout market cycles. In line with our purpose to build enduring value for all shareholders, we are proud of the fact we have continued to deliver solid returns and growing dividends in 1H23.

We have three clear objectives:

1. Continue increasing the net asset value of the portfolio;
2. Increase cash generation; and
3. Prudently manage investment risk.

As we do not seek to replicate any index, our **long-term** approach to investing has always been guided by a clear investment philosophy. We are **disciplined** investors, with an **unconstrained** mandate allowing us to pursue returns across a **truly diversified** and **uncorrelated** range of asset classes and industries. We are **active** when opportunities arise, supported by our strong balance sheet and reputation as **trusted stewards** of our shareholders' capital.

In 1H23 WHSP continued to generate strong cash from investments and increased the dividend, extending our track record as the only Company in the All-Ordinaries Index to pay dividends every year since listing in 1903, and increase them every year for the last 23 years.

¹ Regular profit after tax is a non-statutory profit measure and represents profit from WHSP's continuing operations before Non-Regular items. Refer to page 21 for a reconciliation to statutory profit.

² Refer to Alternative Performance Measures on page 20 for the definitions of Net Asset Value and Net Cash Flow from Investments.

Dividends to shareholders are paid out of Net Cash Flows From Investments, which increased by 35.0% over the previous corresponding period, driven by higher dividends from the Strategic Portfolio, and the full contribution of Milton's portfolio during this half.

For the twelve months to 31 January 2023, the total Portfolio increased by 16.0% to \$10.5 billion. This represents a 10.2% outperformance against the All Ordinaries Index over the year.

Looking at the half year period ended 31 January 2023, the Net Asset Value per share adjusting for the final dividend paid in December 2022 delivered a gain of 7.4%, which compares to a gain of 9.7% for the All Ordinaries Accumulation Index. This underperformance when compared to the Index reflects our defensive portfolio settings. For example, the Large Caps Portfolio is underweight in retail banks and materials – the source of most gains during the period. Our ability to make long-term investment decisions and adjust the portfolio mix to suit the volatile macro environment is considered a strategic advantage.

Long term growth remains our core focus, as illustrated by our track record of outperformance with Total Shareholder Returns exceeding the All Ordinaries Accumulation Index over 5, 10, 15 and 20 year periods, as set out below. In the period to 31 January 2023, we delivered a total shareholder return of 14.0%, an outperformance of 4.3%.

Total Shareholder Returns (TSR) to 31 January 2023

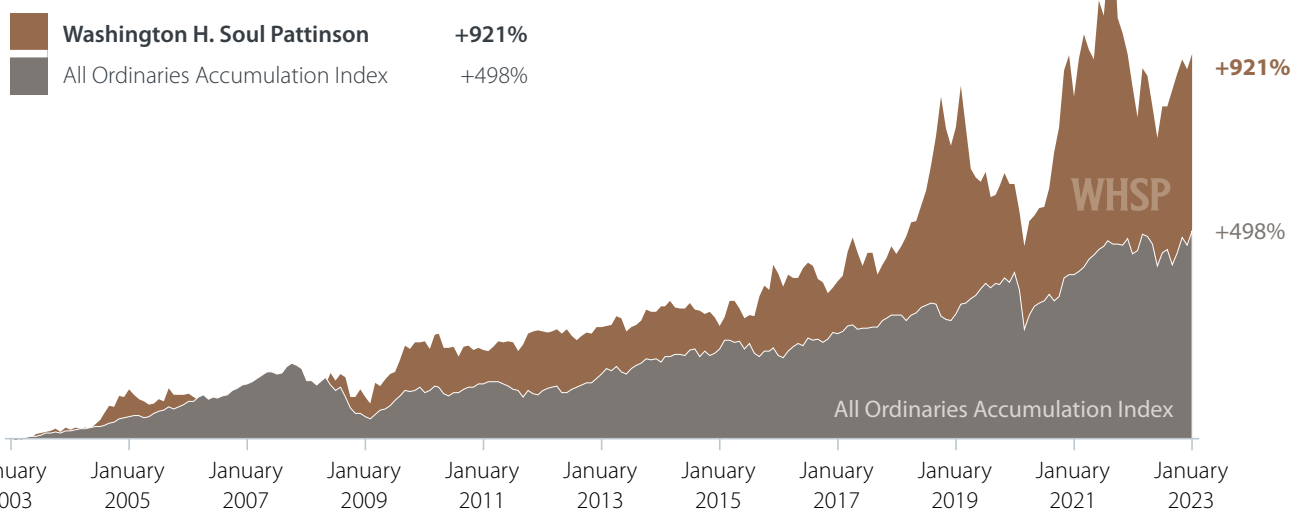
Annualised TSRs	6 months	1 year	5 years (p.a.)	10 years (p.a.)	15 years (p.a.)	20 years (p.a.)
WHSP (dividend reinvested)	14.0%	8.4%	13.5%	10.8%	12.4%	12.3%
All Ordinaries Accumulation Index	9.7%	10.5%	8.6%	8.9%	6.4%	9.3%
Relative performance	4.3%	-2.2%	4.9%	1.9%	6.1%	3.0%

ASX All Ordinaries Accumulation Index includes the reinvestment of dividends.

20 Year Total Shareholder Return

The following chart shows the total return over time of an initial investment made in WHSP shares on 31 January 2003 compared to the ASX All Ordinaries Accumulation Index. An investment in WHSP has grown by over 9 times in 20 years while an investment in the Index over the same period has increased by approximately half of this. This includes the reinvestment of dividends but does not include the value of the franking credits which have been passed on to shareholders by WHSP.

20 Year TSR



40 Year Total Shareholder Return

This performance has been maintained for a long period of time. If a shareholder had invested \$1,000 in 1983 and reinvested all dividends, the shareholding would have appreciated to over \$283,131 as at 31 January 2023. This equates to a compound annual growth rate of 15.2% year on year for 40 years. This growth includes the reinvestment of dividends but does not include the value of the franking credits which have been passed on to shareholders by WHSP.

\$1,000 invested in 1983 worth **\$283,131**

Compound annual return of **15.2%** for 40 years



Dividends

Given the diversified mix of investments and long term focus on cash generation from investments, WHSP has an exceptional history of paying dividends to shareholders. WHSP has increased its ordinary dividend every year since 2000 and is the only company in the All-Ordinaries index to have achieved this. The Directors determine interim and final dividends based on the Company's Net Cash Flow from Investments. These cash flows include dividends and distributions from its investments, interest income and gains on trading assets.

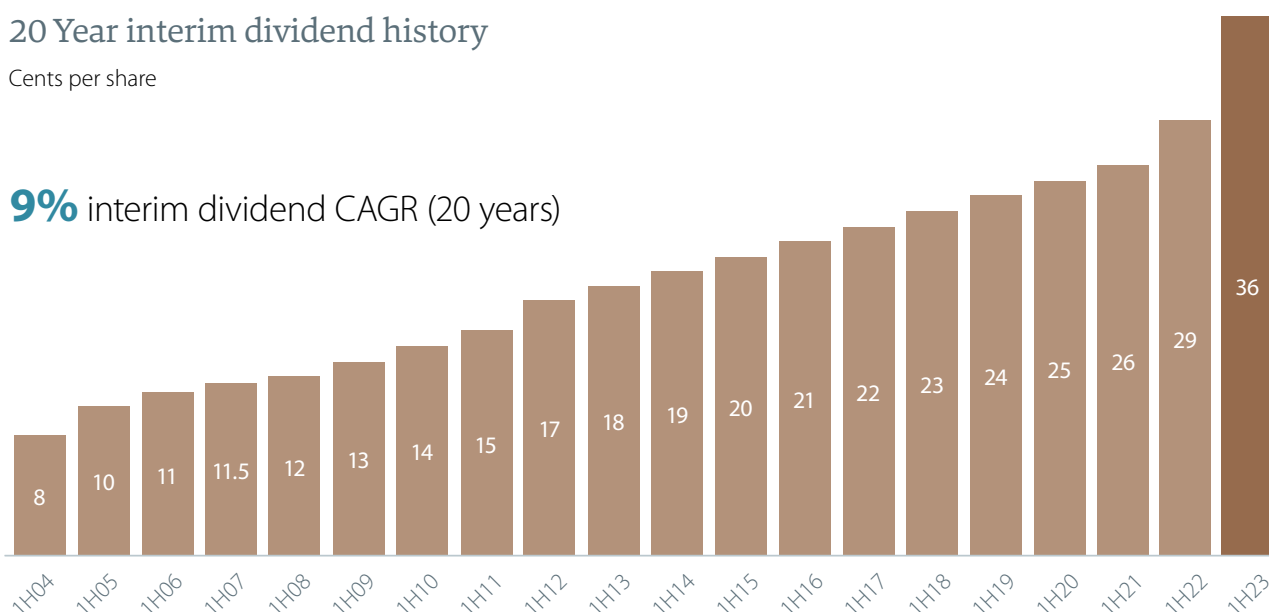
The Net Cash Flow From Investments for the reporting period was \$246.5 million, up 35.0% vs pcp. This increase was mainly due to increased dividends received by the Strategic Portfolio.

Net Cash Flows From Investments on a per share basis increased 35.0% to 68.3 cents per share.

20 Year interim dividend history

Cents per share

9% interim dividend CAGR (20 years)



Interim dividend

The Directors have resolved to pay a fully franked ordinary interim dividend of 36 cents per share in respect of the period ended 31 January 2023 (1H22: 29 cents fully franked).

The record date for the interim ordinary dividend will be 20 April 2023 with payment due on 12 May 2023. The last day to purchase shares and be eligible for the final dividend is 18 April 2023.

In the current period, WHSP will pay out 53% of its Net Cash Flow From Investments (1H22: 57%) as interim ordinary dividends.

Consolidated financial performance and portfolio Net Asset Value

Net Profit After Tax (including Non-Regular items) attributable to members

The Statutory Profit After Tax attributable to shareholders was \$453.0 million compared to a loss of (\$673.6) million in the previous corresponding period.

The increase in Statutory Profit After Tax was largely due to the following:

- an increase in Regular Profit After Tax to \$475.7 million, compared to \$343.7 million in the previous corresponding period, and
- a one-off, non-cash goodwill impairment charge of \$984.6 million in the previous corresponding period arising from the acquisition of Milton.

A comparison with the previous corresponding period is as follows:

Six months ended January	2023	2022	% change
Statutory Profit/(loss) After Tax attributable to shareholders	\$453.0m	(\$673.6m)	\$1.1bn
Regular Profit After Tax attributable to shareholders	\$475.7m	\$343.7m	38.4%
Interim dividend (payable 12 May 2023)	36 cents	29 cents	24.1%
Final dividend (paid 12 December 2022)	43 cents	36 cents	19%
Special dividend (paid 12 December 2022)	15 cents	–	100%
Total dividends (last 12 months)	94 cents	65 cents	45%

Regular Profit After Tax attributable to members

The Regular Profit After Tax attributable to shareholders for the period ended 31 January 2023 was \$475.7 million compared to \$343.7 million for the previous corresponding period, representing an increase of 38.4%.

The increase in Regular Profit after Tax was attributable to the following:

Portfolio	\$m	% change
Strategic Portfolio: Primarily increased contribution from New Hope	127.9	+46%
Large Caps Portfolio: Higher dividend income arising from the Milton acquisition on 5 October 2021	27.4	+95%
Private Equity Portfolio: 1H22 included a contribution from Round Oak, sold on 1 July 2022, partly offset by a larger contribution from Ampcontrol in 1H23	(28.4)	-100%
Emerging Companies Portfolio	1.3	+14%
Structured Yield Portfolio: Increased interest income from new advances	11.1	+181%
Property Portfolio: Net property devaluation compared to 1H22	(6.8)	-230%
Other: Corporate costs and other unallocated items	(0.5)	+5%
Total	132.0	38.4%

Overall performance – Net Asset Value (NAV)

The pre-tax NAV as at 31 January 2023 was \$10,487.4 million, up 16.0% compared to 31 January 2022. This represents an outperformance against the All Ordinaries Index of 10.2% over the year.

For the half year ended 31 January 2023, the pre-tax NAV grew 5.3% and adjusting for the final dividend paid in December 2022, delivered a gain of 7.4% which compares to a gain of 9.7% for the All Ordinaries Accumulation Index.

Portfolio allocation

The NAV is summarised in the table below. Note that this table does not reflect portfolio performance, rather, the changes in portfolio allocation or mix, and market movements during 1H23.

Portfolios as at 31 January 2023	Value of WHSP's Holding \$m	6 month movement \$m	Change %	NAV allocation %
Strategic Portfolio ¹	5,167.9	330.8	6.8%	49.3%
Large Caps Portfolio ¹	2,891.7	(199.6)	(6.5%)	27.6%
Private Equity Portfolio ²	810.2	156.2	23.9%	7.7%
Emerging Companies Portfolio ^{1,2}	544.8	(78.3)	(12.6%)	5.2%
Structured Yield Portfolio ²	483.4	233.1	93.1%	4.6%
Property Portfolio ²	112.8	(113.8)	(50.2%)	1.1%
Net Working Capital ³	476.6	202.9	74.2%	4.5%
Net Asset Value (pre-tax)^{4,5}	10,487.4	531.3	5.3%	100.0%

¹ At market value.

² At cost or Directors' valuation.

³ Refer to Note 7 (Interest bearing liabilities) for details regarding bank borrowings.

⁴ Pre-tax NAV is calculated as the value of WHSP's assets less all of its liabilities (other than the tax payable upon the sale of its assets). Assets are valued at cost, market value or Directors' valuation.

⁵ Tax of approximately \$980.5 million would be payable if all assets had been sold at pre-tax NAV as at 31 January 2023. The post-tax NAV per share was \$26.34, an increase of 4.8% compared to 31 July 2022.

Significant investments and divestments in the portfolio over the six months ended 31 January 2023 were as follows:

- Large Caps: \$426.0 million of divestments
- Private Equity: \$152.8 million additional investment
- Structured Yield: \$267.9 million additional investment
- Property: \$88.5 million sale of Castle Hill

Parent Entity Net Cash Flow From Investments

The Net Cash Flow From Investments of WHSP is summarised in the table below. Further detail is contained within the Portfolio Review section.

Net Cash Flow From Investments	1H23 \$m	1H22 \$m	Change %	Proportion of Total %
Strategic Portfolio	156.7	87.6	78.9%	63.6%
Large Caps Portfolio	62.7	36.9	69.9%	25.4%
Private Equity Portfolio	13.7	37.4	(63.4%)	5.6%
Emerging Companies Portfolio	24.0	20.9	14.8%	9.7%
Structured Yield Portfolio	18.8	10.9	72.5%	7.6%
Property Portfolio	–	–	0.0%	0.0%
Net Working Capital	(29.4)	(11.1)	164.0%	(11.9%)
Total Parent	246.5	182.6	35.0%	100.0%

Outlook

While the level of cash and demand for quality companies remains resilient, market participants are pricing more caution into future earnings growth. The economy continues to be volatile, with increased risk and disruption across many asset classes.

WHSP's portfolio remains well positioned and continues to have significant investment capacity. With our diversified portfolio of assets designed to produce growing earnings and cash flows over the long term, we will look to use periods of volatility to add to the portfolio in a disciplined manner.



R D Millner

Chairman

Portfolio Review

as at 31 January 2023

Introduction

Our investment product is unique in the Australian market and provides investors with exposure to:

- multiple industries and a range of asset classes, including private equity, private credit and property;
- investment strategies that have delivered above market returns over the long term;
- steady and growing fully franked dividends; and
- a board and management team with a strong track record of execution and active stewardship of capital.

WHSP investment philosophy

Our investment philosophy has six guiding principles. We do not seek to replicate any index.

Diversified

We invest in a diverse range of uncorrelated investments across listed equities, private equity and venture capital, property, structured credit and cash.

Unconstrained

Our flexible investment mandate allows us to invest in and support companies from an early stage and grow with them over the long term.

Long term

We use a disciplined and value focused approach to investing through market cycles to deliver returns over the long term.

Growing dividends to our shareholders

We are proud of our track record of paying a consistent and increasing dividend to our shareholders for over 20 years.

Capital protection

We aim to have a portfolio of assets that generates reliable cash flows through market cycles, providing downside protection in market corrections.

Trusted partner

We partner with attractive companies looking to access growth capital and undertake strategic merger and acquisition opportunities.

WHSP Portfolio return metrics

Total return

Total return combines capital appreciation (e.g. market price changes or revaluations) with all income generated by the portfolio over the period. It is expressed as a percentage by referencing the cost base of the portfolio over the same period.

Weighted average cash yield

Weighted average cash yield reflects the expected annual income of the Structured Yield portfolio based upon the size, rate and maturity of each instrument held in the portfolio at period end.

Current investment environment

Calendar year 2023 started strongly for equity markets in Australia, with the All-Ordinaries Index gaining more than 7% in January alone, driven by hopes of inflation peaking, interest rate rises slowing and China reopening – but momentum has already slowed with the market retreating in February amid a very mixed earnings season in Australia and persistently high inflation globally.

Beyond the monetary policy transition slowing economies globally, asset price volatility is further compounded by recent issues in the banking sector – particularly affecting the US and Europe – which has stoked fears of a banking crisis.

For the 6-month period to 31 January 2023, the S&P/ASX All Ordinaries Accumulation Index gained 9.7%.

WHSP's portfolio gained 7.4% in the 6-month period, reflecting our defensive positioning.

Our portfolios had strong cash generation with Net Cash Flow From Investments of \$246.5 million, an increase of 35.0% on the pcip.

While demand for quality companies remains resilient, market participants are becoming more cautious about future earnings growth, with the impacts of aggressive interest rate hikes, inflation expectations, and general uncertainty weighing on sentiment. Interest rate rises are yet to materially slow the economy but we expect to see increased risk and disruption across nearly all asset classes, particularly following more recent global events in March.

WHSP's portfolio is well positioned in the current environment, and we continue to invest in high quality companies with strong cash generation.

Throughout 1H23 we have continued to allocate away from public equities, with net sales across the Large Caps Portfolio and Emerging Companies Portfolio to fund investments offering a better mix of return and downside protection. This has meant deployment of capital into structured yield, private equity, and cash with approximately 20% of our total portfolio now invested in these assets.

WHSP has the financial flexibility to respond to market conditions, as well as a diverse portfolio of uncorrelated assets that act to reduce the volatility of our earnings.

Strategic Portfolio

Net Asset Value	\$5,167.9 million
% of portfolio	49%
Net Cash Flows From Investments	\$156.7 million up 78.9% vs pcip
Portfolio composition	Interests in TPG, New Hope, Brickworks, Tuas, Apex, Pengana and Aeris Resources
Strategic rationale	Significant investments in uncorrelated listed companies, majority with board representation

Background

We have a portfolio of long-term cornerstone shareholdings in companies across diverse industries, with portfolio holdings having low share price correlations with each other.

Portfolio changes during the period

There were no changes in the shares held by WHSP of Strategic Portfolio companies during the half year. WHSP's ownership of New Hope was diluted by 2.0% to 37.8% due to exercises by New Hope convertible noteholders during the period. During FY22 WHSP sold the 19.3% stake in Australian Pharmaceutical Industries (API) to Wesfarmers and acquired a 30.3% shareholding in Aeris Resources Limited.

Performance

In 1H23, the portfolio delivered a total return of 11.6%. This is an outperformance of 1.9% compared to the All-Ordinaries Accumulation Index, which delivered a total return of 9.7%. New Hope generated a very strong outperformance accompanied by solid gains from Brickworks, Aeris Resources and Apex Healthcare, however the bulk of these returns were offset by reductions in TPG Telecom and Tuas.

Summarised below is the underlying financial performance of each significant investment in the portfolio during the reporting period. The financial results and other information on the Strategic Portfolio have been obtained from the external investor presentations and financial reports of the investees.

TPG Telecom Limited (TPG)

TPG Telecom announced its full year 2022 results with total revenue for the year being \$5,415 million, up 2.3% on 2021. EBITDA was \$2,135 million, which included one-off gains from the sale of its passive tower and rooftop assets and the impact of restructuring costs. Excluding these items, EBITDA was \$1,793 million, up 3.8% on 2021. Total fully franked dividends paid in 2022 were 18.0 cents per share compared to 16.5 cents per share in the previous year.

This positive result reflected improving business conditions with a return to growth in subscriber numbers in enterprise, government and wholesale customers plus a more than doubling in fixed wireless customers.

In December 2022, the Australian Competition and Consumer Commission ('ACCC') announced its decision not to grant authorisation for the TPG/Telstra regional network deal on the basis that it would likely lead to a substantial lessening of competition in the Australian mobile market. TPG Telecom does not agree with this view and announced that it is preparing an application to the Australian Competition Tribunal for a review of the decision. WHSP awaits the outcome of this process.

New Hope Corporation Limited (New Hope)

New Hope announced an underlying EBITDA of \$1.04 billion for the half year ended 31 January 2023, an increase of 87% against the previous corresponding period. Thermal coal prices remained strong over the first half with a closing realised price of A\$410.0. Cash generated from operating activities was \$983 million with closing cash and term deposits of \$1.07 billion, following material payments for the 2022 final dividend and income tax payment. An ordinary interim fully franked dividend of 30.0 cents per share and a fully franked special dividend of 10.0 cents per share were declared, both payable on 3 May 2023.

During the half, New Hope announced that it has now received all of the primary approvals required for New Acland Stage 3 and that work is underway for resumption of mining operations. First mining is on track for late Q4 FY23 with its first coal shipment expected in Q1 FY24.

The noteholder conversions described above reduced New Hope's outstanding principle by \$92.1 million. New Hope also undertook a number of capital management initiatives including the on-market repurchase of \$12.8 million and reverse bookbuild to repurchase \$75.8 million of the principal amount of its 2.75% Senior Convertible Notes (due 2026), as well as purchasing 5.7 million ordinary shares through its on-market share buy-back plan for \$31.0 million.

Brickworks Limited (Brickworks)

Brickworks posted an Underlying Net Profit After Tax of \$410.0 million for the half year ended 31 January 2023 compared to \$331.0 million in the previous corresponding period. The profit increase is largely due to revaluation and development profits in the property trust joint venture. An ordinary interim fully franked dividend of 23 cents was declared, payable on 2 May 2023.

The Property segment EBIT contribution was a half year record, up 26% to \$453 million, driven by the sale of Oakdale East Stage 2 into the Industrial JV Trust, revaluation profits of c. \$113 million and an uplift in net trust income of 47%. The BKW Manufacturing Trust was launched in July 2022, contributing \$5 million to total net trust income. As at 31 January 2023, the total value of leased assets within the two Property Trusts was \$4.9 billion with an average capitalisation rate across the portfolio of 3.9%.

Building Products Australia EBIT was down 10% on the previous corresponding period to \$25 million, driven by a slowdown in building activity and subsequently lower sales volume in Western Australia. This was partially offset by higher earnings across New South Wales and Victoria. Brickworks recorded a non-cash impairment of \$32 million (post tax) for Western Australia and is currently undertaking a strategic review of the Western Australia operations, including a potential business sale or exit.

Building Products North America EBIT was steady, driven by strong growth in sales to the multi-residential segment, offset by industry-wide labour constraints and cost pressures across the supply chain.

Tuas Limited (Tuas)

Tuas recorded a Net (Loss) After Tax of (\$\$7.5 million) for its 2023 interim results, compared with a loss of (\$\$13.4 million) for the previous corresponding period. Subscriber numbers increased by 104,000 over the half to 691,000 active subscribers, with a current average revenue per user (ARPU) of \$59.38 per month.

Tuas generated \$14.3 million EBITDA over the half, compared to \$6.3 million in the previous corresponding period. Cash and term deposits stand at \$43.3 million as at 31 January 2023.

Aeris Resources Limited (Aeris)

Aeris announced its half year results for the six months ended 31 December 2022, reporting group revenue of \$310.0 million (1H22: \$195.9 million), underlying EBITDA of \$24.2 million (1H22: \$50.5 million) and a net loss after tax of \$49.8 million (1H22: 14.1 million net profit). The reduction in underlying EBITDA was largely because of the slower than planned ramp-up of production at the high-grade Budgerygar deposit (Tritton) and timing of processing ore from the Mt Colin mine. At the end of December there was approximately 80kt of Mt Colin ore stockpiled and still to be processed.

The integration of Round Oak has been successfully completed with upside opportunities identified across the new assets. Aeris are also continuing to progress the Stockman feasibility study and expect to have it completed by the end of the financial year.

During the first half, Aeris invested \$71.3 million on capital projects, with approximately 50% of the expenditure focused on growth projects, including exploration. As at 31 December 2022, Aeris had \$67.2 million in cash, no debt and an undrawn \$20 million working capital facility.

Apex Healthcare Berhad (Apex)

Apex recorded a Net Profit After Tax of \$33.6 million for the twelve months ended 31 December 2022, up 70.0% on the previous corresponding period. Apex's strong result was due to continued demand for respiratory and other over-the-counter pharmaceutical and health care products in Malaysia, Singapore and international markets and significant improved performance from their associate, Straits Apex Group Sdn Bhd, a leading ASEAN contract manufacturer of orthopaedic devices for multinational companies.

WHSP received dividends of \$1.4 million in the first six months of FY23 from Apex, up 20.9% on the previous corresponding period.

Pengana Capital Group Limited (Pengana)

Pengana recorded an underlying profit before tax of \$3.8 million for its 2023 interim results, down 85% on the previous corresponding period, due to no performance fees being earned during the period.

Funds Under Management ('FUM') decreased by \$106.0 million over the half to \$3.2 billion at December 2022.

Contribution to WHSP

The Strategic Portfolio contributed Net Cash Flows From Investments of \$156.7 million, up 78.9% over the previous corresponding period, with the increase primarily due to significantly increased dividends from New Hope.

Outlook

WHSP anticipates a solid outlook for improved dividends from the Strategic Portfolio driven by the following:

New Hope: continued elevated thermal coal prices, recommissioning of Queensland operations, capital management initiatives and cost control.

TPG: EBITDA guidance for 2023 is between \$1,850 million and \$1,950 million (assuming no material change in operating conditions and excludes any one-off and restructuring costs).

Brickworks: continued strong demand for industrial land and development activities in New South Wales and Queensland.

Large Caps Portfolio

Net Asset Value	\$2,891.7 million
% of portfolio	28%
Net Cash Flows From Investments	\$62.7 million up 69.9% vs pcip
Portfolio composition	Companies within the ASX200 Index
Strategic rationale	Actively managed Australian equities delivering strong dividends and providing portfolio liquidity

Background

The Large Caps Portfolio is actively managed and designed to generate capital and income growth over the long term. It does not seek to replicate any index, and WHSP's diverse asset mix has allowed the Large Caps Portfolio to become increasingly concentrated. It is defensive in nature and will tend to outperform in periods of market weakness due to a value investing bias and low allocations to technology and other high growth sectors. The Large Caps Portfolio seeks to generate consistent tax effective income and aims to invest in companies with steadily growing earnings and dividends over time.

Performance

In 1H23, the Large Caps Portfolio delivered a total return of 5.6%. This compares with the ASX200 Accumulation Index of 10.3%. The underperformance versus the Index reflects our defensive bias and cautious view of the economy.

WHSP reduced the size of the portfolio in 1H23 converting sizeable holdings to cash. We continue to concentrate holdings, taking into account WHSP's exposure to listed equities in other portfolios. We are underweight in sectors including materials and retail banks (the source of most gains in the index) and overweight in diversified financials, healthcare and consumer staples.

Contribution to WHSP

The Large Caps Portfolio contributed Net Cash Flow from Investments of \$62.7 million, up 69.9% vs pcp, driven by increased dividends, due in part to the Milton merger taking effect from 5 October 2021 in the previous corresponding period.

Outlook

The Large Caps Portfolio has had a strong start to calendar year 2023 outperforming the All-Ordinaries Index in January and February as our defensive positioning performed well. We expect ongoing market weakness and maintain a preference for defensive equities as economies and earnings growth slow in calendar year 2023.

Private Equity Portfolio

Net Asset Value	\$810.2 million
% of portfolio	8%
Net Cash Flows From Investments	\$13.7 million down 63.4% vs pcp
Portfolio composition	Ampcontrol, Ironbark, Agricultural and Water Investments, Aquatic Achievers
Strategic rationale	Investments in unlisted companies to support their growth

Background

We look for established businesses, with distinctive capabilities and strong demand tailwinds that provide a platform for growth.

Key investment themes for the Private Equity Portfolio are:

- Energy transition
- Financial services
- Health and aged care services
- Food security and agriculture
- Education

Contribution to WHSP

The Private Equity Portfolio contributed Net Cash Flow From Investments of \$13.7 million, a decrease on the pcp largely due to the loss of dividend income following the sale of Round Oak to Aeris Resources during 2H22.

During the period we invested significantly in agricultural investments acquiring Bottle Tree Farms, Manna Farms, and Kubank Citrus. Bottle Tree Farms will be developed into a citrus and table grape operation. Both Manna Farms and Kubank Citrus are bolt on citrus acquisitions that will be run by our existing local management teams allowing us to extract management and operational synergies. We also provided further development funding to Redland Orchards.

Outlook

We continue to allocate additional capital to our existing portfolio and are currently assessing numerous bolt-on opportunities to add to these platforms. We remain active in seeking further businesses that support the development of our key investment themes.

Emerging Companies Portfolio

Net Asset Value	\$544.8 million
% of portfolio	5%
Net Cash Flows From Investments	\$24.0 million up 14.8% vs pcp
Portfolio composition	Ex-ASX100 listed equities and unlisted growth companies
Strategic rationale	Exposure to fast growing companies often benefiting from structural changes and global trends

Background

The Emerging Companies Portfolio invests in early stage and high growth companies. The portfolio comprises pre-IPO, IPO, listed investments and opportunistic positions. Investments are currently allocated across materials, industrials, consumer discretionary and financial sectors.

Performance

In 1H23, the portfolio delivered a total return of 7.1% outperforming the ASX Small Ords Accumulation Index by 4.8% over the period.

Contribution to WHSP

The Emerging Companies Portfolio contributed Net Cash Flow from Investments of \$24.0 million, up 14.8% over the pcg reflecting a portfolio tilt to higher yielding materials and industrials companies.

Outlook

We expect to allocate additional capital to expand this portfolio of early stage and high growth companies over time, pending a return to more reasonable valuations for appropriate assets.

Structured Yield Portfolio

Net Asset Value	\$483.4 million
% of portfolio	5%
Net Cash Flows From Investments	\$18.8 million up 72.5% vs pcg
Portfolio composition	Corporate loans or hybrid instruments
Strategic rationale	To invest in financial instruments across an investee's capital structure to optimise the portfolio's risk adjusted returns

Background

The portfolio comprises investments in credit instruments with the following characteristics:

- Ongoing cash yield
- Strong asset backing, security and seniority to equity investors
- Upside exposure through warrants or conversion rights

Investments span a range of industries, including technology, financial services and real estate.

Contribution to WHSP

The Structured Yield Portfolio contributed Net Cash Flow From Investments of \$18.8 million, up 72.5% vs the pcg. The increase is largely due to growth in the loan books.

Weighted average cash yield of the portfolio is currently 12.0% per annum.

Outlook

We are leveraging our existing relationships and expertise into a growing lending market, especially in market segments vacated by the major banks.

Credit spreads on corporate debt are widening and our flexible approach to financing growing companies is becoming more attractive than equity capital market funding.

We expect to continue to deploy increased amounts of capital into this strategy reflective of the opportunity set and strong risk adjusted returns.

Property Portfolio

Net Asset Value	\$112.8 million
% of portfolio	1%
Net Cash Flows From Investments	\$0
Portfolio composition	Direct property and equity accounted joint ventures
Strategic rationale	Actively managed Australian property to deliver superior returns when compared to passive ownership

Background

The direct property investments are largely concentrated in the Sydney region and positioned towards infrastructure development and repositioning older assets.

Our Property Portfolio is underweight direct property due to the significant property exposure in a number of our other investments including Brickworks' industrial property division.

Performance

We are successfully progressing our various assets along differing stages of the value chain including planning approvals, leasing, sales and asset repositioning. Most notable was our disposal of 46 Carrington Road, Castle Hill in December 2022 which was sold for \$88.5m, or 4.5x the value originally paid in 2014.

Portfolio changes during the period

Sale of 46 Carrington Road, Castle Hill.

Outlook

The supply of industrial property is tight with vacancy levels at all-time lows resulting in increased rental rates. The market is however pricing in further interest rate rises. The dynamic between rent increases and expected expansion in capitalisation rates appears to be balanced presently but remains uncertain into the future. We see opportunity in the repositioning of larger infill industrial sites.

Net Working Capital

Net Asset Value	\$476.6m
% of portfolio	5%
Net Cash Flows From Investments	(\$29.4m)
Portfolio composition	Cash, interest-bearing liabilities and other assets and liabilities
Strategic rationale	Provide portfolio liquidity

As at 31 January 2023, WHSP's net working capital included a net cash position of \$362.3 million, comprising:

- cash at bank of \$597.3 million (current average yield of 4.2% p.a.)
- Parent Entity gross interest-bearing debt of \$235.0 million (current average cost of debt at approximately 0.8% p.a.)

WHSP was a net seller of public equities and other assets during the half and when combined with strong cash generation from investments, net working capital increased by \$203.1 million to \$476.6 million.

Net Cash Flows From Investments in the working capital portfolio were (\$29.4m) comprising corporate costs and income tax, net of interest income.

Alternative Performance Measures

The Consolidated Entity presents certain Alternative Performance Measures ("APMs"), including Regular and Non-Regular Profit After Tax, Net Cash Flows From Investments and Net Asset Value. These APMs are used by management to assess the performance of the business against its principal objective of maximising capital and income returns over the long term. They are not a substitute for Australian Accounting Standard measures and should be considered supplementary to those measures.

Regular and Non-Regular Profit After Tax

Financial performance is measured by Regular Profit After Tax attributable to members. These results are non-statutory profit measures and represent profit before Non-Regular items. The measurement basis in general excludes the effects of Non-Regular items of income and expense which by nature are outside the ordinary course of business or are part of ordinary activities but are unusual due to their size. The classification of income and expenses as Regular and Non-Regular of the Parent Entity is consistent within the Consolidated Entity. Regular Profit After Tax attributable to members is reconciled to the Australian Accounting Standards financial measure, Profit After Tax, on page 21.

Parent Entity Net Cash Flows From Investments

Net Cash Flows From Investments represents the cash flows generated by the Parent Entity from its investment portfolio, after deducting corporate costs and excluding Non-Regular cash flows. The Board of the Consolidated Entity pays dividends having regard to Parent Entity Net Cash Flows from Investments.

Net Asset Value

WHSP is a long term investor. Net Asset Value (pre-tax) is the value of all WHSP's assets less all its liabilities excluding any tax payable upon the sale of its assets. Assets are valued at cost, market value or Directors' valuation as shown in the NAV statement. The NAV post-tax assumes WHSP disposed of its assets and incurred an income tax liability based on the adopted market values or Directors' valuations.

Reconciliation between Consolidated Regular Profit After Tax and Consolidated Profit After Tax

A reconciliation between Consolidated Regular Profit After Tax attributable to members and Consolidated Profit After Tax attributable to members is set out below. The Directors have presented this information as they consider the disclosure enhances the understanding of the financial results to shareholders and other users of the financial statements.

The allocation of revenue and expense items between Regular and Non-Regular Profit After Tax is consistent with the previous corresponding period. Transactions between business segments are on an arm's length basis in a manner similar to transactions with third parties.

	31 January 2023 \$'000	31 January 2022 \$'000
Regular Profit After Tax attributable to members		
Strategic portfolio	405,271	277,331
Large caps portfolio	56,360	28,966
Private equity portfolio	(133)	28,308
Emerging companies portfolio	10,515	9,208
Structured yield portfolio	17,206	6,123
Property portfolio	(3,830)	2,945
Intersegment/unallocated ¹	(9,670)	(9,195)
Regular Profit After Tax attributable to members	475,719	343,686
Non-Regular items after tax		
Goodwill impairment arising from the Milton acquisition	–	(984,565)
Share of Non-Regular items from equity accounted associates	6,110	(6,185)
Fair value adjustment on initial recognition of an equity accounted associate	–	(3,890)
Loss on deemed disposal of equity accounted associates	(52,499)	(1,721)
Gain on sale of equity accounted associates' shares	–	4,491
Gain/(loss) on derecognition of equity accounted associates	22,741	(4,060)
Deferred tax benefit/(expense) recognised on equity accounted associates	20,286	(28,413)
Derecognition of deferred tax assets	(8,994)	–
Impairment (expense)/reversal on equity accounted associates	(2,088)	8,412
Deferred consideration adjustment on the sale price of Round Oak (refer to Note 9)	(9,134)	–
Other items	878	(1,381)
Total Non-Regular Loss After Tax attributable to members	(22,700)	(1,017,312)
Profit/(loss) After Tax attributable to members	453,019	(673,626)
Add: (loss)/profit attributable to non-controlling interests	(175)	198,634
Profit/(loss) After Tax	452,844	(474,992)

¹ Intersegment/unallocated represents corporate costs and income, net of taxes that are not allocated to individual segments.

Investment Portfolio Financial Information

Financial performance of the Investment Portfolio is measured by Regular Profit After Tax.

This is a non-statutory measure and a reconciliation to the Profit After Tax is provided on page 21. The Directors have presented this information, which is used by the Chief Operating Decision Maker, as they consider the disclosure enhances the understanding of the results to members and users of the financial statements.

Source of shareholder dividends

The Board declares dividends having regard to Parent Entity Net Cash Flows From Investments. The following information has been provided to demonstrate the underlying value of the investments and regular profit and the cash flows generated by these investments.

The Statement of Financial Position and Statement of Comprehensive Income in the Investment Portfolio Financial Information represent the combined position of the key investment entities, WHSP and non-operating subsidiaries. The numbers presented have been calculated as follows and include:

- The WHSP Parent Statement of Financial Position and Statement of Comprehensive Income;
- Inclusion of the assets and liabilities and operating results of the non-operating subsidiaries; and
- Elimination of the WHSP Parent's investment in, and transactions between, the non-operating subsidiaries.

ACCOUNTING POLICIES

The statement of financial position, profit after tax, and total comprehensive income in the Investment Portfolio Financial Information have been prepared on the same basis as the consolidated financial statements except for Investments in controlled entities (subsidiaries) and Investments in associates.

In the Investment Portfolio Financial Information, Investments in subsidiaries and Investments in associates are carried at the lower of cost or impaired cost. Dividends from these entities are recognised as income within profit. This approach reflects WHSP's activities as an investor.

The consolidated financial statements recognise the individual assets, liabilities, income and expenses of controlled entities. Associates are equity accounted, with the initial investments being increased/(decreased) by profits/(losses) recognised in the income statement, movements in other comprehensive income and decreased by dividends received. Dividends from both controlled entities and associates are not recognised in the consolidated financial income statement.

Investment Portfolio Financial Information

Statement of Financial Position

	As at 31 Jan 2023 \$'000	
Current assets		
Cash and term deposits	597,271	1
Financial assets held for trading	447,809	
Other financial assets	88,458	
Loans to controlled entities and associates	2,705	2
Loans to third parties	104,554	
Other current assets	42,942	
Total current assets	1,283,739	
Non-current assets		2
Other financial assets – Listed equities	40,102	
Long term equity investments – measured at market value	4,097,904	3
Long term equity investments – measured at fair value	171,808	
Listed controlled and associated entities – measured at the lower of cost or impaired value	345,737	4
Unlisted controlled and associated entities – measured at the lower of cost or impaired value	637,652	
Other financial assets – measured at fair value	16,912	
Loans to controlled entities and associates	22,744	
Loans to third parties	327,798	
Other non-current assets	49,829	
Total non-current assets	5,710,486	
Total assets	6,994,225	
Current liabilities		
Interest bearing liabilities	10,000	
Other current liabilities	14,406	
Other financial liabilities	20,892	2
Total current liabilities	45,298	
Non-current liabilities		
Interest bearing liabilities	219,187	
Other non-current liabilities	15,522	
Total non-current liabilities	234,709	
Total liabilities	280,007	
Net assets	6,714,218	
Equity		
Share capital	4,683,374	
Reserves	(393,429)	
Retained profits	2,424,273	
Total equity	6,714,218	

Statement of Comprehensive Income

	For the period ended 31 Jan 2023 \$'000	
Profit after tax	359,706	
Less: Non-regular items after tax		
Special dividends income	(83,828)	
Gain on derecognition of an associate	(28,231)	
Tax expense related to derecognition of an associate and controlled entity	7,036	
Deferred consideration adjustment on the sale price of Round Oak (refer to Note 9)	10,568	
Derecognition of deferred tax assets	8,994	
Regular profit after tax	274,245	5
Other comprehensive income		
Net movement in the fair value of the listed investment portfolio	(172,128)	

Net Asset Value

Market value of listed entities as at 31 January 2023

The market values of listed investments are based on the last sale prices as quoted on the ASX or other securities exchanges on 31 January 2023 and are therefore subject to price fluctuations.

		\$'000
2	Market value of financial assets held for trading	555,477
3	Long term equity investments	
	TPG Telecom Limited	1,144,966
	Macquarie Group Limited	363,020
	BHP Group Limited	260,292
	CSL Limited	189,940
	Wesfarmers Limited	177,463
	Commonwealth Bank of Australia Limited	156,864
	Woolworths Limited	134,913
	National Australia Bank Limited	132,896
	BKI Investment Company Limited	120,358
	Transurban Group Limited	101,024
	Other listed entities	1,316,168
	Market value of long term equity investments	4,097,904
4	Listed controlled and associated entities	
	Holding	\$'000
	New Hope Corporation Limited	1,943,741
	Brickworks Limited	1,559,072
	Tuas Limited	161,458
	Apex Healthcare Berhad	160,412
	Aeris Resources Limited	134,095
	Pengana Capital Group Limited	69,834
	Market value of listed controlled and associated entities	4,028,612
	Total value of WHSP's listed investments	8,681,993
	Unlisted investments (Cost and Directors valuation)	1,416,520
	Gross interest bearing liabilities	(229,187)
	Cash and other assets	618,067
	Consolidated net assets value pre-tax	10,487,393

Tax payable if WHSP's listed investments were disposed of:

WHSP is a long term equity investor.

If WHSP had disposed of all of its assets on 31 January 2023, a net capital gains tax liability of approximately \$980.5 million would have arisen based on market values as at 31 January 2023.

A net deferred tax asset of \$33.4 million has been recognised in the Parent Entity's financial report at 31 January 2023. In the Parent Entity, investments in subsidiaries and associates are carried at the lower of cost or impaired cost, and the tax recognised reflects the theoretical tax payable if investments were sold at these values, rather than market values.

Regular Profit after Tax

For the period ended 31 January 2023

	31 Jan 2023 \$'000
Regular Profit after Tax	
For the period ended 31 January 2023	
Interest income (from cash and loans)	26,252
Dividend and distribution income	
TPG Telecom Limited	21,379
Macquarie Group Limited	5,813
BHP Group Limited	13,451
CSL Limited	1,120
Wesfarmers Limited	3,574
Commonwealth Bank of Australia Limited	5,408
Woolworths Limited	1,982
National Australia Bank Limited	3,261
BKI Investment Company Limited	2,356
Transurban Group Limited	1,939
Other listed entities	33,016
New Hope Corporation Limited	102,956
Brickworks Limited	26,915
Tuas Limited	–
Apex Healthcare Berhad	1,388
Aeris Resources Limited	–
Pengana Capital Group Limited	3,220
Other controlled and associates	12,391
Total dividend and distribution income	240,169
Other revenue	2,967
Realised and fair value gains on equities	52,827
Other expenses	(27,100)
Finance costs	(4,669)
Regular profit before tax	290,446
Income tax expense	(16,201)
Regular profit after tax	274,245

Washington H. Soul Pattinson and Company Limited

Directors' Report

The Directors of Washington H. Soul Pattinson and Company Limited (WHSP) present their report and the financial report of the Consolidated group for the half year ended 31 January 2023.

Directors

The following persons were Directors of WHSP for the whole of the half year and up to the date of this report unless otherwise noted:

Robert Millner FAICD

Chairman

Non-executive Director since 1984, Chairman since 1998

Todd Barlow B.Bus, LLB (Hons) (UTS)

Managing Director since 2015

David Baxby B.Com, LLB (Hons) (Bond)

Appointed Non-executive Director on 1 February 2023

Tiffany Fuller B.Com (UniMelb), CA, GAICD

Non-executive Director since 2017

Michael Hawker AM B.Sc (Sydney), FAICD, SFFin

Lead Independent Director

Non-executive Director since 2012

Thomas Millner B.Des (Industrial), GDipAppFin (Finsia), FFin, GAICD

Non-executive Director since 2011

Joanne Pollard MAICD

Non-executive Director since March 2022

Josephine Sukkar AM B.Sc (Hons) (UNSW), GradDipEd

Non-Executive Director since 2020

Warwick Negus B.Bus (UTS), M.Com (UNSW), SFFin

Non-executive Director since 2014 and retired on 31 December 2022

Review of Operations

The Statutory Net Profit after tax attributable to shareholders for the half year ended 31 January 2023 was \$453.0 million compared to a \$673.6 million loss in the previous corresponding period. The increase in Statutory Net Profit After Tax of \$1.1 billion was largely due to the previous period goodwill impairment of \$984.6 million arising from the Milton merger and the increase in Regular Profit After Tax attributable to members.

The Statutory Net Profit After Tax increase on the previous corresponding period comprises:

- Strategic Portfolio +\$101.2 million primarily due to increased share of earnings from New Hope
- Large Caps Portfolio +\$28.3 million driven by higher dividend income as a result of the Milton merger which took effect from 5 October 2021
- Emerging Companies Portfolio +\$34.3 million which includes a \$22.7 million gain on derecognition of an equity accounted associate
- Private Equity Portfolio -\$18.0 million reflecting Round Oak earnings from 2022 not repeated this period as the investment was sold in July 2022

- Structured Yield Portfolio +\$10.3 million due to the growth of the portfolio generating higher interest income
- Property Portfolio –\$6.8 million due to lower property revaluations in the current period
- Unallocated +\$977.3 million due to a one-off, non-cash goodwill impairment charge of \$984.6 million in the previous corresponding period

Deconsolidation of New Hope from 29 July 2022

As disclosed in the 2022 Annual Report, from 29 July 2022 WHSP determined it maintains significant influence over, but no longer controls New Hope. From that date, New Hope is recognised as an equity-accounted associate. In the Consolidated Statement of Comprehensive Income, the underlying revenue and expenses of New Hope are presented within the relevant revenue and expense category for the previous corresponding period. In the current period such amounts are combined into a single line, 'Share of results of equity accounted associates'. Although this results in a significant change in classification, there was not a change in WHSP's ownership of New Hope at the deconsolidation date. Had the previous corresponding period presented New Hope as an equity-accounted associate, there would be no change in the profits attributable to members of WHSP. Refer to Note 1 for more information.

For further information regarding the operations of the Group, refer to the Chairman's Review and the Portfolio Review on pages 7 and 13 of this report.

Events after the reporting date

Other than the matter referred to in Note 14, since the end of the current financial period no matter or circumstances have arisen that have or will significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Interim Dividend

The Directors have resolved to pay an interim dividend of 36 cents per share in respect of the half year ended 31 January 2023, an increase of 24.1% over last half year's interim dividend of 29 cents per share. The dividend will be fully franked and is payable on 12 May 2023.

Auditor's Independence Declaration

The lead auditor's independence declaration for the half year ended 31 January 2023 has been received and is included on page 27.

Rounding of Amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that legislative instrument, amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Board of Directors:

R D Millner

Director

T J Barlow

Managing Director

Dated this 23rd day of March 2023.

Washington H. Soul Pattinson and Company Limited

Auditor's Independence Declaration



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Auditor's Independence Declaration to the Directors of Washington H. Soul Pattinson and Company Limited

As lead auditor for the review of the interim financial report of Washington H. Soul Pattinson and Company Limited for the half-year ended 31 January 2023, I declare 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;
- b) no contraventions of any applicable code of professional conduct in relation to the review; and
- c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Washington H. Soul Pattinson and Company Limited and the entities it controlled during the financial period.



Ernst & Young



Ryan Fisk

Partner

Sydney
23 March 2023

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Consolidated Financial Statements

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Consolidated Statement of Comprehensive Income

for the half year ended 31 January 2023

	Notes	31 January 2023 \$'000	31 January 2022 \$'000
Revenue from continuing operations¹	4a	290,485	1,120,120
Other income	4b	32,937	5,997
Share of results from equity accounted associates ¹	5	369,382	120,788
Expenses¹			
Cost of sales		(118,363)	(481,540)
Selling and distribution expenses		–	(63,695)
Administration expenses		(74,876)	(34,889)
Acquisition costs expensed		(24)	(3,035)
Impairment (expense)/reversal of impairments	4c	(2,446)	8,125
Write off of goodwill	4c	–	(984,565)
Other expenses		(3,027)	(1,395)
Finance costs		(9,478)	(18,272)
Profit/(loss) before income tax expense from continuing operations		484,590	(332,361)
Income tax expense	4d	(22,612)	(157,677)
Profit/(loss) after income tax expense from continuing operations		461,978	(490,038)
(Loss)/profit after income tax expense from discontinued operations ²	9	(9,134)	15,046
Profit/(loss) after income tax expense		452,844	(474,992)
Profit/(loss) for the half year is attributable to:			
Owners of Washington H. Soul Pattinson and Company Limited		453,019	(673,626)
Non-controlling interests		(175)	198,634
		452,844	(474,992)
Other comprehensive income/(loss)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss from revaluation of investments and other assets, after tax		(173,109)	(114,666)
Share of associates' reserves, after tax		1,348	1,209
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain/(loss) on cash flow hedges, net of amounts reclassified to profit/(loss), after tax		1,097	(7,532)
Exchange differences from translation of foreign operations, after tax		12	166
Changes in equity reserves, after tax		(14)	–
Share of associates' cash flow hedge and other reserves, after tax		24,898	(1,141)
Total other comprehensive loss, net of tax		(145,768)	(121,964)
Total comprehensive income/(loss)		307,076	(596,956)
<i>Total comprehensive income/(loss) is attributable to:</i>			
Owners of Washington H. Soul Pattinson and Company Limited		307,331	(790,996)
Non-controlling interests		(255)	194,040
Total comprehensive income/(loss)		307,076	(596,956)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income (continued)

for the half year ended 31 January 2023

	31 January 2023 \$'000	*31 January 2022 \$'000
Profit/(loss) attributable to ordinary equity holders of the parent:		
Continuing operations	462,153	(688,672)
Discontinued operations ²	(9,134)	15,046
Profit/(loss) attributable to ordinary equity holders of the parent for basic earnings	453,019	(673,626)
Interest on convertible notes, after tax ⁴	1,150	–
Profit/(loss) attributable to ordinary equity holders of the parent adjusted for the effect of dilution	454,169	(673,626)
	31 January 2023 000's	*31 January 2022 000's
Weighted average number of ordinary shares	360,968	317,955
Less weighted average number of treasury shares ³	(40,937)	(40,978)
Weighted average number of ordinary shares for basic EPS	320,031	276,977
Effects of dilution from convertible notes ⁴	6,430	–
Weighted average number of ordinary shares for diluted EPS	326,461	276,977
	31 January 2023 Cents	*31 January 2022 Cents
Earnings per share from continuing operations		
Basic earnings/(loss) per share	144.4	(248.6)
Diluted earnings/(loss) per share ⁴	139.1	(248.6)
Earnings per share from discontinued operations²		
Basic (loss)/earnings per share	(2.9)	5.4
Diluted (loss)/earnings per share ⁴	(2.8)	5.4
Earnings per share from continuing operations attributable to the Owners of Washington H. Soul Pattinson and Company Limited		
Basic earnings/(loss) per share	141.5	(243.2)
Diluted earnings/(loss) per share ⁴	136.3	(243.2)

* Comparative figures have been adjusted for subsequent revisions to the purchase price allocation of Milton as disclosed on note 4c of the financial report.

1 New Hope was deconsolidated from 29 July 2022. In the current period, WHSP's share of New Hope results are presented within a single line, 'Share of results from equity accounted associates'. In the previous corresponding period, such items were presented within individual line items of revenue and expense. This presentation change does not impact the profit after tax attributable to members of WHSP. Refer to Note 1 for more information.

2 Discontinued operations relate to the sale of Round Oak (refer to Note 9).

3 Includes adjustment for treasury shares and the reciprocal interest with Brickworks Limited (2023: 41,019,273 shares); (2022: 40,978,083 shares).

4 31 January 2022: Diluted earnings per share excludes the impact of the convertible note holders converting to ordinary equity of the parent as their inclusion would be anti-dilutive. It assumes any long term incentive rights that vest in future reporting periods are expected to be satisfied by purchasing shares on the market.

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 31 January 2023

	Notes	31 January 2023 \$'000	31 July 2022 \$'000
Current assets			
Cash and cash equivalents		645,274	506,327
Trade and other receivables		196,628	83,061
Contract assets		20,011	10,729
Inventories		48,645	47,500
Biological assets		15,959	9,310
Assets classified as held for sale		475	108,343
Financial assets held for trading		458,103	572,987
Other financial assets		88,458	78,204
Current tax asset		6,589	-
Total current assets		1,480,142	1,416,461
Non-current assets			
Trade and other receivables		315,393	230,388
Equity accounted associates	5	2,748,499	2,643,174
Long term equity investments		4,260,018	4,803,500
Other financial assets		57,014	87,757
Investment properties		82,969	85,576
Property, plant and equipment		323,135	254,263
Right-of-use assets		33,834	37,305
Deferred tax assets	6	32,853	182,714
Intangible assets		182,477	147,195
Total non-current assets		8,036,192	8,471,872
Total assets		9,516,334	9,888,333
Current liabilities			
Trade and other payables		40,688	69,636
Contract liabilities		44,012	26,729
Interest bearing liabilities	7	10,505	197,641
Lease liabilities		10,271	9,024
Other financial liabilities		20,066	7,304
Current tax liabilities		-	71,578
Provisions		20,310	20,408
Total current liabilities		145,852	402,320
Non-current liabilities			
Trade and other payables		747	12
Interest bearing liabilities	7	308,843	307,575
Lease liabilities		32,161	33,665
Deferred tax liabilities	6	485,102	679,494
Provisions		6,231	6,368
Total non-current liabilities		833,084	1,027,114
Total liabilities		978,936	1,429,434
Net assets		8,537,398	8,458,899
Equity			
Share capital		4,683,474	4,680,159
Reserves		(377,575)	(184,767)
Retained profits		4,220,034	3,952,995
Parent Entity interest		8,525,933	8,448,387
Non-controlling interests		11,465	10,512
Total equity		8,537,398	8,458,899

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the half year ended 31 January 2023

	Share capital \$'000	Retained profits \$'000	Reserves \$'000	Total Parent Entity interest \$'000	Non-controlling interest \$'000	Total equity \$'000
Total equity at the beginning of the half year 1 August 2022	4,680,159	3,952,995	(184,767)	8,448,387	10,512	8,458,899
Net profit/(loss) for the half year after tax	–	453,019	–	453,019	(175)	452,844
Other comprehensive income/(loss) for the half year						
Loss from revaluation of investments and other assets, after tax	–	–	(173,029)	(173,029)	(80)	(173,109)
Gain on cash flow hedges, net of amounts reclassified to profit/(loss), after tax	–	–	1,097	1,097	–	1,097
Exchange differences from translation of foreign operations, after tax	–	–	12	12	–	12
Changes in equity reserves, after tax	–	–	(14)	(14)	–	(14)
Share of associates' cash flow hedge and other reserves, after tax	–	–	26,246	26,246	–	26,246
Total comprehensive income/(loss) for the half year	–	453,019	(145,688)	307,331	(255)	307,076
Transactions with owners						
Dividends provided for or paid ¹	–	(185,980)	–	(185,980)	(106)	(186,086)
Equity transfer from members on issue of share capital in a subsidiary	–	–	–	–	1,059	1,059
Share based payment transactions ²	3,315	–	(1,639)	1,676	–	1,676
Convertible debt buy-back – New Hope ³	–	–	(45,434)	(45,434)	–	(45,434)
Transactions with non-controlling interests	–	–	(47)	(47)	255	208
Total equity at the end of the half year 31 January 2023	4,683,474	4,220,034	(377,575)	8,525,933	11,465	8,537,398

¹ After the elimination of \$23.4 million (43.1%) of the Parent Entity dividend paid to Brickworks Limited.

² Share capital increased from on market disposals of treasury shares. Share based payment reserve is adjusted for performance rights granted, net of those vesting during the period.

³ Equity accounted associate New Hope bought back (or committed to buy back) existing convertible notes above their carried value. WHSP has recorded its share of the effect on New Hope's equity.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity (continued)

for the half year ended 31 January 2022

	Share capital \$'000	Retained profits \$'000	Reserves \$'000	Total Parent Entity interest \$'000	Non- controlling interest \$'000	Total equity \$'000
Total equity at the beginning of the half year 1 August 2021	47,177	4,201,400	(155,144)	4,093,433	1,060,148	5,153,581
Net (loss)/profit for the half year after tax	–	(673,626)	–	(673,626)	198,634	(474,992)
Other comprehensive income/(loss) for the half year						
Loss from revaluation of investments and other assets, after tax	–	–	(114,651)	(114,651)	(15)	(114,666)
Loss on cash flow hedges, net of amounts reclassified to profit/(loss), after tax	–	–	(2,965)	(2,965)	(4,567)	(7,532)
Exchange differences from translation of foreign operations, after tax	–	–	178	178	(12)	166
Share of associates' reserves, after tax	–	–	68	68	–	68
Total comprehensive (loss)/income for the half year	–	(673,626)	(117,370)	(790,996)	194,040	(596,956)
Transactions with owners						
Dividends provided for or paid ¹	–	(112,079)	–	(112,079)	(36,391)	(148,470)
Newly issued ordinary shares ²	4,640,163	–	–	4,640,163	–	4,640,163
Share based payment transactions	–	–	(1,304)	(1,304)	(22)	(1,326)
Equity transfer from members on issue of share capital in a subsidiary	–	–	–	–	291	291
Reclassification of a fair value investment to an associate	–	(28,920)	–	(28,920)	–	(28,920)
Net movements after tax in associates reserve	–	–	1,176	1,176	–	1,176
Total equity at the end of the half year 31 January 2022	4,687,340	3,386,775	(272,642)	7,801,473	1,218,066	9,019,539

¹ After the elimination of \$14.7 million (43.3%) of the Parent Entity dividend paid to Brickworks Limited and the elimination of \$3.15 million dividends paid to Milton.

² New issued ordinary shares to purchase the balance of Milton shares under a Scheme of Arrangement.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the half year ended 31 January 2023

	Notes	31 January 2023 \$'000	31 January 2022 \$'000
Cash flows from operating activities			
Receipts from customers inclusive of GST		208,896	1,174,879
Payments to suppliers and employees inclusive of GST		(197,328)	(648,081)
		11,568	526,798
Dividends received		320,316	110,316
Interest received		22,069	7,087
Interest on lease liabilities		(926)	(2,713)
Payments for financial assets held for trading		(119,391)	(299,862)
Proceeds from sale of financial assets held for trading		346,870	279,673
Acquisition costs expensed		(24)	(3,035)
Finance costs paid		(6,685)	(10,661)
Income taxes paid		(54,674)	(57,364)
Net cash inflow from operating activities	10	519,123	550,239
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles		(116,444)	(51,532)
Proceeds from sale of property, plant and equipment and intangibles		15,851	22,878
Payments for capitalised exploration and evaluation activities		–	(8,548)
Payments for acquisition and development of investment properties		(2,829)	(30,381)
Proceeds from sale of investment properties		89,345	–
Payments for equity investments		(186,205)	(93,151)
Proceeds from sale of equity investments		483,050	239,513
Payments to acquire equity accounted associates		(32,978)	(4,022)
Proceeds from sale of equity accounted associates		–	12,448
(Payments)/proceeds from acquisition of business, net of cash acquired		(537)	15,848
Payments for deferred consideration		–	(1,601)
(Payments)/proceeds from sale of business, net of cash received		(29,180)	1,000
Refund for security and bond guarantee		–	1,691
Return of capital from equity investments		–	6,757
Loan repayments from external parties		59,543	67,762
Loans advanced to external parties		(258,437)	(33,288)
Net cash inflow from investing activities		21,179	145,374
Cash flows from financing activities			
Dividends paid to WHSP shareholders		(209,362)	(126,765)
Dividends paid by subsidiaries to non-controlling interests		–	(36,391)
Proceeds from external borrowings		120,952	93,509
Repayments of external borrowings		(305,606)	(468,245)
Principal repayments of lease liabilities		(4,429)	(9,337)
Payment for shares acquired for the employee long term incentive plan		(3,064)	(2,585)
Transactions with subsidiaries non-controlling interest		–	291
Net cash outflow from financing activities		(401,509)	(549,523)
Net increase in cash and cash equivalents		138,793	146,090
Cash and cash equivalents at the beginning of the financial year		506,327	610,324
Effects of exchange rate changes on cash and cash equivalents		154	1,491
Cash and cash equivalents at the end of the half year		645,274	757,905

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

for the half year ended 31 January 2023

01 Basis of preparation

Washington H. Soul Pattinson and Company Limited (the Company, the Parent Entity or WHSP) is a for profit company listed on the Australian Securities Exchange (ASX:SOL).

The interim financial report for the half year ended 31 January 2023 is a general purpose financial report and has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The financial report presents reclassified comparative information where required for consistency with the current half year's presentation.

The Half Year Financial Report does not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 31 July 2022 and any public announcements made by Washington H. Soul Pattinson and Company Limited during the interim reporting period in accordance with continuous disclosure requirements of the Corporations Act 2001 and the Australian Stock Exchange Listing Rules.

The accounting policies adopted in this report are consistent with those of the previous financial year and the corresponding half year reporting period, except for the required adoption of new standards effective as of 1 August 2022. These did not have an impact on the interim financial report. The Company has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

This interim financial report was authorised for issue by the Board on 23 March 2023.

Deconsolidation of New Hope Corporation Limited ("New Hope")

On 29 July 2022, the directors of the Parent Entity concluded that the Consolidated Entity no longer controlled New Hope. As a result, the balances of New Hope were derecognised from the Group at that date. The Group maintains significant influence and from that date recognised New Hope as an associate. In the Consolidated Statement of Comprehensive Income, the underlying revenue and expenses of New Hope are presented within the relevant revenue and expense category for the previous corresponding period. In the current period such amounts are combined into a single line, 'Share of results of equity accounted associates'. Although this results in a significant change in classification, there was not a change in WHSP's ownership of New Hope at the deconsolidation date. Had the previous corresponding period presented New Hope as an equity-accounted associate, there would be no change in the profits attributable to members of WHSP.

To assist users of the financial report, the following provides the summarised financial results of New Hope that are embedded in the previous corresponding period.

	31 January 2022 \$'000
Consolidated Statement of Comprehensive Income	
Revenue	1,025,561
Expenses	(554,623)
Profit before income tax	470,938
Income tax	(140,581)
Profit after income tax	330,357
Profit for the year attributable to:	
Owners of Washington H Soul Pattinson and Company Limited	131,648
Non-controlling interests	198,709
	330,357

	31 January 2022 \$'000
Consolidated Statement of Cash Flow	
Cash flows from operating activities	452,668
Cash flows from investing activities	7,167
Cash flows used in financing activities	(373,173)
Net increase in cash and cash equivalent	86,662

At the deconsolidation date, the resulting investment in New Hope was measured at its fair value, \$1,456 million. In accordance with the accounting standards, the difference between the fair value as at the date of deconsolidation and the entity's share of the underlying net assets is required to be notionally allocated to the identifiable assets, liabilities, and goodwill within the investment balance. The following table summarises the provisional allocation which will be completed within the 12 month measurement period.

	29 July 2022 \$'000
WHSP's share of net assets of New Hope	908,229
Adjustments to fair value	
Mining Projects	530,005
Coal inventory	33,514
Contingent liabilities	(15,542)
Deferred tax	(164,393)
Goodwill	164,393
Total adjustments	547,977
WHSP initial investment in associate	1,456,206

The amortisation of the notional assets and liabilities during the half year ended 31 January 2023 resulted in a decrease in share of results from equity accounted associates of \$24.8 million.

Discontinued operations

As described in Note 9, the results of Round Oak have been presented as discontinued operations due to its disposal on 1 July 2022. The results related to Round Oak are presented as a single amount as Profit after income tax expense from discontinued operations in the Consolidated Statement of Comprehensive Income. Previous year comparative amounts in the financial statements and related notes have also been reclassified.

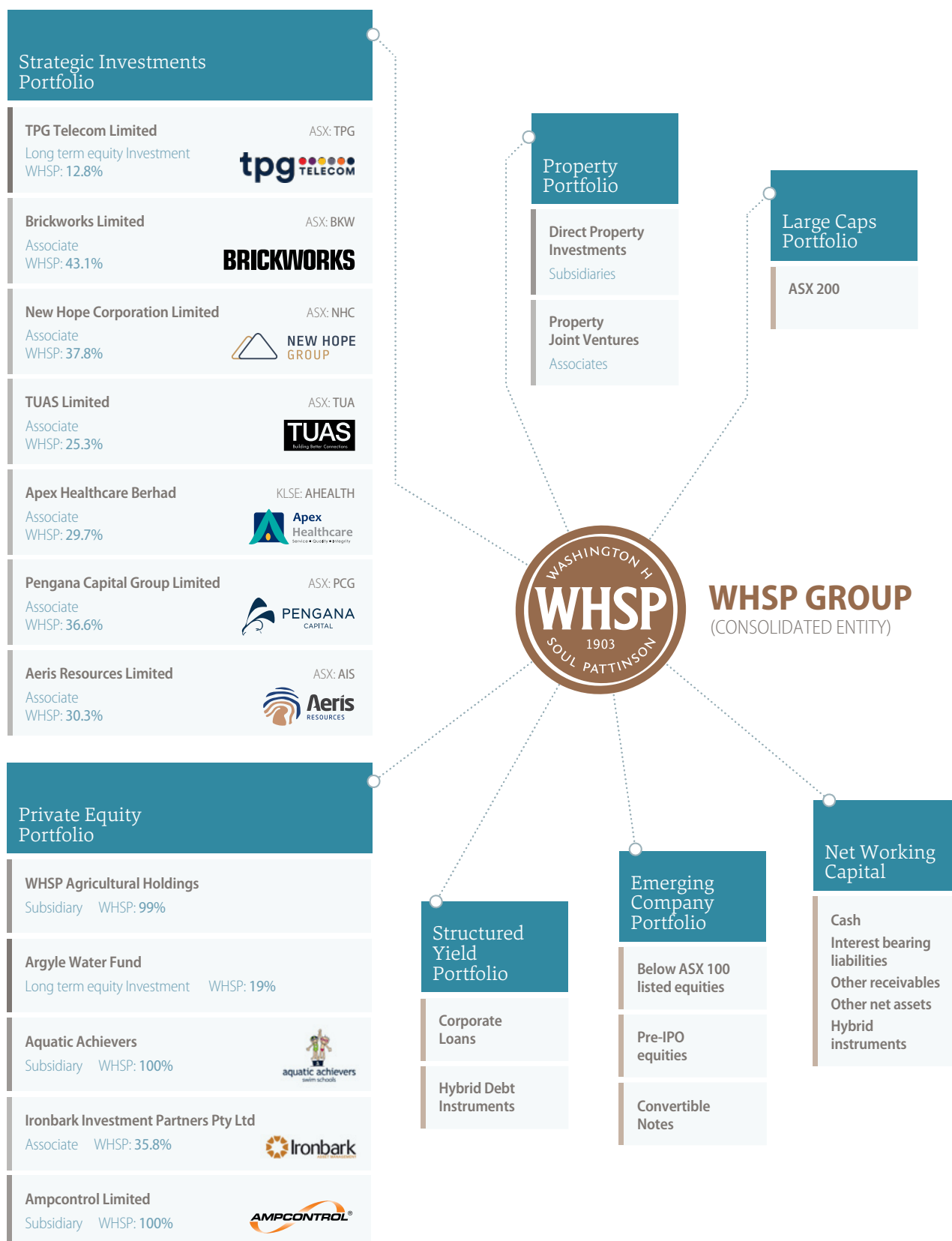
02 Payment of Dividends to Shareholders

	Dividend \$'000	Amount per security cps	Franked amount per security cps
Interim dividend			
Interim dividend not recognised in retained profits, to be paid on 12 May 2023	129,948	36.0	36.0
Previous corresponding period, paid on 13 May 2022	104,651	29.0	29.0
Final dividend			
A final dividend of 43 cents fully franked based on tax paid of 30%, paid on 12 December 2022	155,216	43.0	43.0
Previous corresponding period, paid on 14 December 2021	129,912	36.0	36.0
Special dividend			
A special dividend of 15 cents fully franked based on tax paid of 30%, paid on 12 December 2022	54,145	15.0	15.0

No dividend reinvestment plan was in operation during the reporting period.

Total number of ordinary shares on issue at the end of the reporting period was 360,967,863 (31 January 2022: 360,866,092).

03 Segment Information



03 Segment Information (continued)

Segment reporting

The Consolidated Entity is an investment house that operates within six segments based on its investment portfolio allocation. All segments are predominately based in Australia.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of the Parent Entity.

The Group's operating segments are described as:

Strategic portfolio

Comprises significant investments in uncorrelated listed companies where WHSP generally has board representation. The strategic portfolio includes holdings in TPG Telecom Limited (TPG), New Hope Corporation Limited (New Hope), Brickworks Limited, Tuas Limited, Apex Healthcare Berhad, Aeris Resources Limited (Aeris) and Pengana Capital Group Limited (Pengana). The consolidated results are impacted by the appropriate accounting methodology that applies to each investment.

The investment in TPG is held at Fair Value through Other Comprehensive Income. New Hope was consolidated in the previous reporting period but equity accounted from 29 July 2022 due to a change in the accounting assessment of control (refer to Note 1). All other investments in the strategic portfolio are equity accounted. As noted below, the Strategic portfolio includes the Consolidated Entity's share of Aeris from 1 July 2022.

Large caps portfolio

This is an actively managed, Australian listed equities portfolio. The portfolio seeks to generate consistent income and capital growth over the long term. It does not aim to replicate any stock market index.

Emerging companies portfolio

The strategy of this portfolio is to invest in attractive, early stage and high growth companies that are listed, about to undertake an Initial Public Offering (IPO) or are at a pre-IPO stage. It aims to provide exposure to fast growing companies often benefitting from structural changes and trends in the domestic and global economy.

Private equity portfolio

Includes long term investments in unlisted companies to support their future growth. Ampcontrol, Agricultural investments and Aquatic Achievers are consolidated. Ironbark Investment Partners Pty Limited is equity accounted. The Water Holding Trust is held at Fair Value through Other Comprehensive Income. Round Oak Minerals Pty Limited (Round Oak) was sold on the 1 July 2022 to Aeris in exchange for cash and shares. The Group's resulting investment in Aeris is accounted for as an associate and is included in the Strategic portfolio as at 31 January 2023.

Structured yield portfolio

The structured yield portfolio contains investments in corporate loans and hybrid instruments. The portfolio can invest in different types of financial instruments across an investee's capital structure to optimise the portfolio's risk adjusted returns. Investments are usually structured as loans and convertible notes with an ongoing cash yield, strong asset backing and seniority to equity investors.

Property portfolio

The property portfolio comprises direct investments that are actively managed with an aim to generate superior long term returns from passive ownership and investments in property development joint ventures.

03 Segment Information (continued)

Reporting Segments	Strategic portfolio \$'000	Large caps portfolio \$'000	Emerging companies portfolio \$'000	Private equity portfolio \$'000	Structured yield portfolio \$'000	Property portfolio \$'000	Intersegment/ unallocated ¹ \$'000	Consolidated \$'000
Half year ended 31 January 2023								
Revenue from continuing operations	21,379	63,044	10,723	162,098	25,682	1,970	5,589	290,485
Profit/(loss) after tax from continuing operations	361,549	57,261	26,984	21,472	17,206	(3,829)	(18,665)	461,978
Loss after tax from discontinued operations	–	–	–	(9,134)	–	–	–	(9,134)
Profit/(loss) after tax for the half year	361,549	57,261	26,984	12,338	17,206	(3,829)	(18,665)	452,844
Less: loss attributable to non-controlling interests	–	–	–	175	–	–	–	175
Profit/(loss) after tax attributable to members	361,549	57,261	26,984	12,513	17,206	(3,829)	(18,665)	453,019
Segment Assets	3,709,726	2,894,343	578,630	993,205	480,103	116,208	744,119	9,516,334
Segment Liabilities	(470,021)	(2,756)	(11,655)	(250,206)	(2,594)	(5,025)	(236,679)	(978,936)
Net Assets	3,239,705	2,891,587	566,975	742,999	477,509	111,183	507,440	8,537,398

¹ Unallocated represents Parent Entity revenue and corporate costs that are not allocated to individual segments.

03 Segment Information (continued)

Reporting Segments	Strategic portfolio \$'000	Large caps portfolio \$'000	Emerging companies portfolio \$'000	Private equity portfolio \$'000	Structured yield portfolio \$'000	Property portfolio \$'000	Intersegment/ unallocated ¹ \$'000	Consolidated \$'000
Half year ended 31 January 2022								
Revenue from continuing operations	1,044,564	46,253	1,255	16,703	12,310	1,519	(2,484)	1,120,120
Profit/(loss) after tax from continuing operations	459,046	28,967	(7,355)	15,388	6,857	2,947	(995,888)	(490,038)
Profit after tax from discontinued operations	–	–	–	15,046	–	–	–	15,046
Profit/(loss) after tax for the half year	459,046	28,967	(7,355)	30,434	6,857	2,947	(995,888)	(474,992)
Less: (Profit)/loss attributable to non-controlling interests	(198,709)	–	–	77	–	(2)	–	(198,634)
Profit/(loss) after tax attributable to members	260,337	28,967	(7,355)	30,511	6,857	2,945	(995,888)	(673,626)
Segment Assets	5,025,081	3,890,637	488,345	846,610	358,284	168,020	174,814	10,951,791
Segment Liabilities	(1,154,493)	(53,380)	(11,537)	(225,325)	(38)	(1,387)	(455,557)	(1,901,717)
Net Assets	3,870,588	3,837,257	476,808	621,285	358,246	166,633	(280,743)	9,050,074

¹ Unallocated represents Parent Entity revenue and corporate costs that are not allocated to individual segments.
For the half year ended 31 January 2022, unallocated includes an impairment of \$984.6 million goodwill arising from the acquisition of Milton.

04 Revenue and expense

Profit/(loss) for the half year includes the following items that are significant due to their size, nature or incidence:

4a Revenue from continuing operations

	31 Jan 2023 \$'000	31 Jan 2022 \$'000
Revenue from contracts with customers		
Revenue from sale of goods	87,868	994,975
Revenue from provisional pricing adjustments	–	23,009
Rental revenue	954	2,567
Revenue from services	72,728	15,170
	161,550	1,035,721
Other revenue		
Dividend and distribution revenue	94,862	67,147
Interest revenue	31,601	11,442
Other	2,472	5,810
	128,935	84,399
Total revenue from continuing operations	290,485	1,120,120

Revenue for the half year ended 31 January 2022 includes \$1.0 billion from New Hope, which was deconsolidated from 29 July 2022. As described in Note 1, whilst there was no change in WHSP's ownership or effect on profit attributable to members of WHSP, New Hope's revenue is no longer presented on a gross basis in the financial statements.

Disaggregation of revenue

The Consolidated Entity presents disaggregated revenue based on what each major subsidiary provided to customers and the timing of transfer of goods and services.

	Strategic Portfolio \$'000	Private Equity Portfolio \$'000	Other activities \$'000	Total \$'000
Half year ended 31 January 2023				
Major product lines				
Electrical and electronic engineering services and equipment	–	140,539	–	140,539
Other goods and services	–	20,160	851	21,011
Total revenue from contracts with customers	–	160,699	851	161,550
Other revenue	21,379	1,400	106,156	128,935
Total revenue	21,379	162,099	107,007	290,485
Total revenue from contracts with customers by geographical regions				
Australia	–	154,974	851	155,825
Other	–	5,725	–	5,725
Total revenue from contracts with customers	–	160,699	851	161,550
Timing of revenue recognition from contracts with customers				
Goods and services transferred at a point in time	–	99,490	–	99,490
Goods and services transferred over time	–	61,209	851	62,060
Total revenue from contracts with customers	–	160,699	851	161,550

04 Revenue and expense (continued)

4a Revenue from continuing operations (continued)

Major product lines

Revenue from contracts with customers includes the sale of electrical and electronic engineering equipment and the provision of electrical engineering services (Ampcontrol).

In the previous reporting period, revenue from contracts included the sale of coal and gas (New Hope). New Hope was equity accounted from 29 July 2022.

Major customers

In the current reporting period, revenue of \$19.9 million is derived from one external customer of Ampcontrol, representing 14% of Ampcontrol's total revenue from contracts with customers.

There are no other individual customers which represent more than 10% of revenue from contracts with customers for the half year ended 31 January 2023.

In the previous reporting period, revenue of \$240 million was derived from two external customers of New Hope, representing 12% and 15% of New Hope's total revenue from contracts with customers.

	Strategic Portfolio \$'000	Private Equity Portfolio \$'000	Other activities \$'000	Total \$'000
Half year ended 31 January 2022				
Major product lines				
Coal, oil and gas	1,012,793	–	–	1,012,793
Other goods and services	7,435	13,975	1,518	22,928
Total revenue from contracts with customers¹	1,020,228	13,975	1,518	1,035,721
Other revenue	24,336	2,728	57,335	84,399
Total revenue	1,044,564	16,703	58,853	1,120,120
Total revenue from contracts with customers by geographical regions				
Australia	70,434	13,975	1,518	85,927
Japan	553,767	–	–	553,767
Taiwan	146,935	–	–	146,935
Korea	52,920	–	–	52,920
India	14,764	–	–	14,764
Chile	4,668	–	–	4,668
Other ²	176,740	–	–	176,740
Total revenue from contracts with customers¹	1,020,228	13,975	1,518	1,035,721
Timing of revenue recognition from contracts with customers				
Goods and services transferred at a point in time	1,012,792	13,849	–	1,026,641
Goods and services transferred over time	7,436	126	1,518	9,080
Total revenue from contracts with customers	1,020,228	13,975	1,518	1,035,721

¹ Revenue from contracts with customers includes income from commodity sales and services.

² Other revenue from customer contracts relates to third party customer contracts with undisclosed geographical information.

04 Revenue and expense (continued)

4b Other income

	31 Jan 2023 \$'000	31 Jan 2022 \$'000
Gain on fair value of biological assets	13,173	11,433
Gain/(loss) on financial assets held for trading at fair value through profit or loss	52,827	(13,596)
Gain on sale of property, plant and equipment	1,170	711
Loss on sale of investment property	(389)	–
Gain on partial sale of equity accounted associates	–	6,131
Gain/(loss) on derecognition of equity accounted associates	22,741	(4,060)
Loss on deemed disposal of equity accounted associates	(52,499)	(1,721)
(Loss)/gain on revaluation of investment property	(5,262)	5,165
Insurance recoveries	2	1,079
Other	1,174	855
	32,937	5,997

4c Impairment (expenses)/reversal

	31 Jan 2023 \$'000	31 Jan 2022 \$'000
Goodwill ¹	–	(984,565)
Equity accounted associates ²	(2,088)	8,412
Intangibles	(358)	541
Other assets	–	(828)
Total impairment (expense)/reversal	(2,446)	(976,440)

1) Milton Corporation Limited (“Milton”) acquisition goodwill impairment

During the half year ended 31 January 2022, the Consolidated Entity completed an impairment test of goodwill based on the results of the provisional purchase price allocation of Milton and determined that all of the allocated goodwill was impaired as of the date of acquisition and therefore recorded an impairment charge at acquisition of \$954 million.

A subsequent revision to the provisional purchase price allocation was completed in July 2022, resulting in an increase in acquisition goodwill and the related impairment from \$954.0 million to \$984.6 million. In accordance with AASB 3 Business Combinations, previous period comparative amounts in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, and the notes to the consolidated financial statements have been restated where appropriate to reflect the increase in acquisition goodwill and related impairment.

2) Impairment of equity accounted associates

The recoverable amounts of investments in equity accounted associates have been assessed at each reporting period. Where the carrying value of an investment exceeds the recoverable amount, the investment is impaired. At each reporting date an assessment is also made as to whether there are any circumstances that would indicate that any impairment recognised has decreased or no longer exists. Where evidence supports a reduction in an impairment, the impairment expense may be reversed through the Consolidated Statement of Comprehensive Income.

During the half year ended 31 January 2023, an impairment expense of \$2.1 million was recognised on an investment in associate.

During the half year ended 31 January 2022, an impairment expense of \$11.9 million was recognised on the investment in Palla Pharma Limited and a reversal of impairment of \$20.3 million was recognised on the investment in Pengana Capital Group Limited.

04 Revenue and expense (continued)

4d Income tax expense

	31 Jan 2023 \$'000	31 Jan 2022 \$'000
Reconciliation of prima facie tax expense to income tax expense		
Profit/(loss) before income tax expense from continuing operations	484,590	(332,361)
(Loss)/profit before income tax expense from discontinued operations	(10,568)	21,885
Tax at the Australian rate of 30% (2022: 30%)	142,207	(93,143)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Net impairment expenses	734	291,547
Franking credits received (excluding subsidiary and associate entities)	(30,766)	(25,398)
Tax (benefit)/expense on the carrying value of equity accounted associates	(106,364)	3,340
Under/(over) provision for income tax in the prior period	4,322	(12,163)
Other	11,045	333
Total income tax expense	21,178	164,516
Effective tax rate:	4.5%	(53.0%)
Income tax expense reported in statement of profit or loss	22,612	157,677
Income tax expense attributable to discontinued operations	(1,434)	6,839
Total income tax expense	21,178	164,516

The permanent differences relating to the tax (benefit)/expense on the carrying value of equity accounted associates generally reflects the Group's share of the increase in associates' undistributed franking credits.

05 Equity accounted associates

Details of investments and results in associates

Half year ended 31 January	Reporting Date	Place of incorporation	Group's percentage of holding at balance date ¹		Contribution to Group result for the period ²		Equity accounted carrying value ³	
			31 Jan 2023 %	31 Jan 2022 %	31 Jan 2023 Total \$'000	31 Jan 2022 Total \$'000	31 Jan 2023 Total \$'000	31 Jul 2022 Total \$'000
Ampcontrol Limited⁴ <i>Integrated electrical, electronic and control solutions provider</i>	30-Jun	Australia	N/A ¹	42.9	–	2,867	–	–
Apex Healthcare Berhad⁵ <i>Pharmaceutical manufacturer and distributor</i>	31-Dec	Malaysia	29.7	29.8	6,047	3,487	54,360	49,176
Aeris Resources Limited⁶ <i>Mining and exploration activities</i>	30-Jun	Australia	30.3	N/A ¹	(15,094)	–	83,184	98,269
Brickworks Limited⁷ <i>Manufacturer of building products and investor</i>	31-Jul	Australia	43.1	43.3	109,905	105,391	853,477	746,335
Ironbark Investment Partners Pty Limited⁸ <i>Investment management services</i>	30-Jun	Australia	35.8	30.7	9,446	3,363	67,207	52,828
New Hope Corporation Limited⁹ <i>Mining and exploration activities</i>	31-Jul	Australia	37.8	N/A ¹	239,902	–	1,442,001	1,470,658
Pengana Capital Group Limited¹⁰ <i>Funds management</i>	30-Jun	Australia	36.6	36.5	118	5,767	66,037	68,827
Tuas Limited <i>Telecommunications provider</i>	31-Jul	Australia	25.3	25.4	(2,010)	(3,705)	65,700	67,861
Other associates¹¹	various	Australia	various	various	21,068	3,618	116,533	89,220
Share of results from equity accounted associates					369,382	120,788	2,748,499	2,643,174
Fair value gain on reclassification of associate to financial asset					22,741	–		
Fair value loss on initial recognition of an associate					–	(3,890)		
(Loss)/gain on sale of equity accounted associates' share, net of tax					(6)	4,491		
Loss on deemed disposal of equity accounted associates, net of tax					(52,499)	(1,721)		
Deferred tax benefit/(expense) recognised on equity accounted associates					20,286	(28,413)		
Net impairment (expense)/reversal of associates					(2,088)	8,412		
Net contribution from equity accounted associates					357,816	99,667		

05 Equity accounted associates (continued)

Details of investments and results in associates (continued)

- 1 The percentage holding represents the Consolidated Entity's total holding in each associate. N/A indicates the entity was not classified as an associate at period end.
- 2 Contribution to the Group result represents the amount included in profit and loss after income tax before non-controlling interests as shown on the Consolidated Statement of Comprehensive Income.
- 3 Equity accounted carrying value is the carrying value of the associates in the Consolidated Statement of Financial Position.
- 4 On 31 May 2022, the Group purchased the remaining 57.1% of shares it previously did not own of Ampcontrol to take its shareholding to 100%. From this date, the Group controlled Ampcontrol and it has been classified as a subsidiary.
- 5 During the current reporting period, Apex Healthcare issued shares under Apex Healthcare's employee share option scheme. As a result, the Group's shareholding in this investment has reduced by 0.02% to 29.7%.
- 6 Round Oak was sold to Aeris on 1 July 2022 in exchange for cash and 30.3% of the issued shares of Aeris. The investment in Aeris was accounted for as an associate from 1 July 2022.
- 7 During the current reporting period, Brickworks issued shares under its employee incentive plan. As a result, the Group's shareholding in this investment has reduced by 0.13% to 43.1%.
- 8 During the current reporting period, the Parent Entity purchased additional shares in Ironbark for \$8.0 million. The Group's shareholding increased by 2.35% to 35.8%.
- 9 On 29 July 2022, the Group determined that it no longer controlled New Hope Corporation. As the Group retains significant influence, the investment in New Hope has been equity accounted from that date. Refer to Note 1 for additional information.

At 31 July 2022, New Hope had \$200 million in convertible notes outstanding. The following activities related to these notes occurred during the current reporting period:

Certain holders converted into ordinary shares, resulting in a dilution of the Group's interest in New Hope by 2.25% and a loss on the deemed disposal of \$53.8 million (\$37.7m after tax) due to the current share price exceeding the conversion price of the notes. This is recorded within Other Income in the Consolidated Statement of Comprehensive Income.

New Hope bought back (or committed to buy back) convertible notes for an amount exceeding their carried value. The Group has recorded its \$64.9 million (\$45.4 million after tax) share of the resulting reduction in New Hope's net assets within Reserves in the Consolidated Statement of Changes in Equity.

New Hope also bought back its own shares during the period, resulting in an increase in the Group's interest by 0.24%.

These cumulative effect of transactions resulted in the Group's shareholding reducing by 2.01% to 37.84%.

In the current period, New Hope and the Liquidators of Northern Energy Corporation (NEC) and Colton Coal Pty Limited (Colton) entered into a binding Heads of agreement and the creditors of NEC and Colton approved a Deed of Company Arrangement, whereby New Hope paid a settlement sum into the Deed Fund and the parties agreed to appropriate releases.

- 10 During the current reporting period, Pengana Capital issued shares under Pengana Capital's Employee Share Plan. This was partly offset by Pengana Capital's share buy-back program. This resulted in a net decrease of 0.46% in the shareholding to 36.6%.
- 11 During the current reporting period, the Parent Entity reduced its shareholding of Clover Corporation Limited (CLV) from 20.5% to 19.4%. The Group determined that it no longer has significant influence over CLV and has reclassified the remaining investment in associate to other financial assets. A gain of \$22.7 million was recorded within other income to adjust the carrying value to its fair value at that time.

06 Deferred tax assets and deferred tax liabilities

	31 January 2023 \$'000	31 July 2022 \$'000
Deferred tax assets comprises temporary differences attributable to:		
Provisions	6,895	12,777
Accrued expenses	849	726
Impairment losses	1,403	1,403
Property, plant and equipment	159	811
Tax value of losses carried-forward	167,883	137,182
Lease liabilities	3,468	3,468
Other	9,157	6,027
Financial assets held for trading and other	42,587	46,192
Long term equity investments	97,163	262,514
Total deferred tax assets	329,564	471,100
Set-off of deferred tax liabilities pursuant to set-off provisions	(296,711)	(288,386)
Net deferred tax assets	32,853	182,714
Deferred tax liabilities comprises temporary differences attributable to:		
Property, plant and equipment	11,842	5,492
Inventories	9,045	3,311
Equity accounted associates	470,433	500,320
Long term equity investments	266,609	440,667
Intangibles	12,336	12,336
Other	11,548	5,754
Total deferred tax liabilities	781,813	967,880
Set-off of deferred tax liabilities pursuant to set-off provisions	(296,711)	(288,386)
Net deferred tax liabilities	485,102	679,494
Net deferred tax movements:		
Opening balance at 1 August 2022	(496,780)	
Debited to profit or loss from continuing operations	(1,635)	
Credited to equity	90,038	
Acquisitions through business combinations	1,526	
Reallocation to income tax provision	(45,636)	
Other	238	
Closing balance at 31 January 2023	(452,249)	

07 Interest bearing liabilities

	31 January 2023 \$'000	31 July 2022 \$'000
Current liabilities		
<i>Secured</i>		
Equity finance loans (Parent Entity) ¹	10,000	195,770
Equipment finance loans (WHSP Agriculture Trust) ²	505	1,871
	10,505	197,641
Non-current liabilities		
<i>Unsecured</i>		
Convertible notes (Parent Entity) ¹	219,187	218,247
<i>Secured</i>		
Market rate loan (WHSP Agriculture Trust) ²	86,214	70,950
Equipment finance loans (WHSP Agriculture Trust) ²	720	3,788
Bank loans (Ampcontrol) ³	2,722	14,590
	308,843	307,575
Total interest bearing liabilities	319,348	505,216
Less: cash and cash equivalents	(645,274)	(506,327)
Net cash	(325,926)	(1,111)
Financing facilities	413,752	525,595
Less: facilities utilised at reporting date		
Convertible bonds	(219,187)	(218,247)
Equity finance and other loan facilities	(100,151)	(286,969)
Facilities unutilised at reporting date	94,414	20,379

The fair values of interest bearing liabilities materially approximate their respective carrying values as at 31 January 2023.

Financing facilities

As at 31 January 2023, the Consolidated Entity had the following financing facilities in place:

1. Parent Entity

(i) Equity finance facilities

As at 31 January 2023, the Parent Entity had access to secured financial asset finance with a number of financiers.

As security for these loans, the Parent Entity transfers ownership of title over certain securities to the finance provider. As the Parent Entity retains the risks and benefits of ownership of the transferred investments, including the right to receive dividends, these securities continue to be included as assets on the Consolidated Entity and Parent Entity statement of financial position. Upon repayment of the debt, legal title of the investments is transferred back to the Parent Entity.

During the half year ended 31 January 2023, the Parent Entity repaid \$186 million of borrowings under Equity finance facilities.

The tenor for borrowings at 31 January 2023 under these facilities was six months, and the average cost was 4.3% pa (31 July 2022: 2.4% pa).

Capacity to draw further funds under these facilities is a function of the prevailing value of the pool of securities that is eligible to be loaned.

07 Interest bearing liabilities (continued)

1. Parent Entity (continued)

(ii) Convertible notes

During the year ended 31 July 2021 the Parent Entity issued convertible notes with an aggregate principal amount of \$225.0 million. There has been no movement in the number of these convertible notes since the issue date.

The notes are convertible at the option of the noteholders into ordinary shares based on an initial conversion price of \$34.99 per share at any time on or after 11 March 2021 up to the date falling five business days prior to the final maturity date (29 January 2026). The holder of the option has the right to redeem all or some of the holder's notes on 1 February 2024 for an amount equal to 100% of the principal amount of the notes plus any accrued but unpaid interest. Any notes not converted will be redeemed on 29 January 2026 at the principal amount of the notes plus any accrued but unpaid interest.

The notes carry interest at a rate of 0.625% pa which is payable semi-annually in arrears on 29 January and 29 July.

2. WHSP Agriculture Holding Trust

During the current period the WHSP Agriculture Holding Trust entered into a three year secured loan facility which settled in January 2023, paying out all previous facilities held with another financier. The new facility expires 30 September 2025 and has increased the total facility available from \$83.0 million to \$152.3 million. The facility comprises a \$4.0 million working capital facility, a \$70.5 million market rate facility and a \$77.8 million capital development facility.

Security given includes first ranking mortgages over property and specific pieces of agricultural machinery, first ranking water mortgages over water entitlements and water leases, and general security interests.

The refinance also included an uncommitted equipment finance facility of \$4.0 million. At refinance settlement, the existing equipment financing agreements were paid out utilising the capital development facility.

In addition, to finance the purchase of various pieces of agricultural equipment, the WHSP Agricultural Holding Trust entered into various financing agreements with a financier. These credit contracts are specific to the agricultural equipment and are secured with a mortgage over the equipment for a term ranging between 35 to 60 months.

As at 31 January 2023, WHSP Agriculture Holding Trust utilised:

- \$nil of the working capital facility (31 July 2022: previous overdraft facility \$nil) at an interest rate of 4.6% pa (31 July 2022: previous overdraft facility 4.1% pa). The unutilised facility as at 31 January 2023 was \$4.0 million (31 July 2022: previous overdraft facility \$4.0 million).
- \$70.5 million of the market rate loan facility (31 July 2022: previous market rate facility \$71.0 million) at an interest rate of 4.6% pa (31 July 2022: previous market rate facility 4.0% pa). The unutilised facility as at 31 January 2023 was \$nil (31 July 2022: previous market rate facility \$1.1 million).
- \$15.7 million of the capital development facility at an interest rate of 4.6% pa. The unutilised facility as at 31 January 2023 was \$62.1 million.
- \$nil of the uncommitted equipment finance facility (31 July 2022: previous asset finance facility \$4.2 million) at a weighted average interest rate of 0.0% pa (31 July 2022: previous asset finance facility 3.7% pa). The unutilised facility as at 31 January 2023 was \$4.0 million (31 July 2022: previous asset finance facility \$2.9 million).
- \$1.2 million of the agricultural equipment finance facility (31 July 2022: \$1.4 million) at a weighted average interest rate of 1.5% pa (31 July 2022: 1.4% pa). The unutilised facility as at 31 January 2023 was \$nil (31 July 2022: \$nil).

3. Ampcontrol

Ampcontrol maintains a \$40.0 million syndicated flexible working capital facility which expires on 28 June 2025. As at 31 January 2023 the facility comprised \$22.0 million of cash advance facilities, a \$5.0 million bank overdraft and \$13.0 million allocated to bank guarantees. The facility is secured by fixed and floating charges over Ampcontrol's assets and subsidiaries. As at 31 January 2023 Ampcontrol had utilised \$3.0 million of the cash advance facilities (31 July 2022: \$15.0 million) at a weighted average interest rate of 4.8% pa (31 July 2022: 3.2% pa). The unutilised cash and overdraft facilities as at 31 January 2023 were \$24.0 million (31 July 2022: \$12.0 million).

08 Business combinations

Acquisition of Milton in 2022

On 5 October 2021, WHSP completed its acquisition of the remaining 97% of the issued shares of Milton, a listed investment company that substantially invested in liquid Australian listed equities.

The valuation of the fair value of the acquired Milton's assets and liabilities at acquisition date was finalised and completed during the half year ended 31 January 2023. There has been no change to the provisional amounts as presented in the 2022 Annual Report, other than the comparative adjustment as disclosed in Note 4c.

Acquisition of Ampcontrol in 2022

On 31 May 2022, WHSP completed its acquisition of the remaining 57.1% of the issued equity of Ampcontrol, an unlisted company that engages in the design, research and development, manufacture, repair, hire and sale of electrical and electronic engineering equipment, the provision of mining and industrial cable repair services, the sale and service of gas detection units, provision of oil testing, stand-alone power systems and certification of hazardous area equipment.

At 31 January 2023, the valuation of the fair value of Ampcontrol's acquired assets and liabilities at acquisition date was provisional due to the ongoing work finalising valuation. The Purchase Price Accounting will remain provisional until 31 May 2023. There has been no material change to the provisional amounts as presented in the 2022 Annual Report.

09 Discontinued operations

On the 1 July 2022, WHSP completed the sale of Round Oak to Aeris.

At 31 July 2022, a provision of \$18.6 million was recorded as an estimate of the final working capital adjustment. The working capital adjustment was finalised during the half year ended 31 January 2023, resulting in final payments totalling \$29.2 million. The additional \$10.6 million (\$9.1 million net of tax) was driven primarily by changes in commodity prices.

The results related to Round Oak are presented as a discontinued operation within the Consolidated Statement of Comprehensive Income (including the comparative period). The results for the period ended 31 January 2023 and 31 January 2022 are presented below:

	31 January 2023 \$'000	31 January 2022 \$'000
Revenue and other income	–	154,197
Expenses	–	(131,539)
Operating income	–	22,658
Finance costs	–	(773)
Profit before income tax expense from discontinued operations	–	21,885
Income tax expense	–	(6,839)
Profit before gain on disposal	–	15,046
Loss on disposal of Round Oak, net of tax	(9,134)	–
(Loss)/profit after income tax expense for the half year from discontinued operations	(9,134)	15,046

The cash flows of Round Oak are included in the Consolidated Statement of Cash Flows. The following summarises the amounts related to Round Oak for the current and previous corresponding periods.

	31 January 2023 \$'000	31 January 2022 \$'000
Cash flows from discontinued operations		
Net cash from operating activities	–	52,447
Net cash used in investing activities	(29,180)	(28,055)
Net cash used in financing activities	–	(23,262)
Net cash flows for the period	(29,180)	1,130

10 Reconciliation of profit after income tax to net cash inflow from operating activities

	31 January 2023 \$'000	31 January 2022 \$'000
Profit/(loss) after tax for the period from continuing operations	461,978	(490,038)
(Loss)/profit after tax for the period from discontinued operations	(9,134)	15,046
Adjustments for non-cash items:		
Write off goodwill arising from Milton acquisition	–	984,565
Depreciation and amortisation	21,920	101,347
Amortisation of transaction costs	940	1,347
Loss on deemed disposal of equity accounted associates	52,499	1,721
(Gain)/loss on derecognition of equity accounted associates	(22,741)	4,060
Loss/(gain) on revaluation of investment property	5,262	(5,165)
Loss on sale of investment property	389	–
Net gain on disposals of property, plant and equipment	(1,170)	(711)
Net gain on sale of other investments	–	(5,899)
Gain on fair value of biological assets	(13,173)	(11,433)
Loss on trading equities fair value through profit or loss	26,004	57,595
Provision/(reversal) for expected credit loss allowance	2,644	(1,048)
Impairment expense/(reversal of impairment)	2,446	(8,125)
Provision for onerous contract	–	16,477
Net foreign exchange loss/(gain)	130	(1,519)
Non-cash share based payments	3,116	1,262
Share of profits of associates not received as dividends or distributions	(146,907)	(84,202)
Other non-cash items	3,755	1,816
Changes in operating assets and liabilities, net of effects from purchase and sales of business:		
Increase in trade debtors, other debtors and prepayments	(8,626)	(62,954)
(Increase)/decrease in inventory	(3,264)	32,474
Decrease/(increase) in financial assets held for trading	169,641	(63,862)
Increase in trade creditors and accruals	9,225	9,078
Increase in employee entitlements and provisions	2,234	31,797
Net movement in tax balance	(38,045)	26,610
Net cash inflow from operating activities	519,123	550,239

11 Fair value estimation

Fair value hierarchy

The following table represents the Group's assets and liabilities measured and recognised at fair value using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1** Fair value is determined by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities as at the end of the reporting period.
- Level 2** Fair value is determined by using valuation techniques incorporating observable market data inputs.
- Level 3** Fair value is determined by using valuation techniques that rely on inputs that are not based on observable market data.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 January 2023				
Financial assets and liabilities measured at fair value				
Financial assets held for trading	343,542	44,101	70,460	458,103
Other financial assets	40,103	94,411	10,958	145,472
Long term equity investments	4,097,356	93,384	69,278	4,260,018
Other financial liabilities	–	(20,066)	–	(20,066)
Non-financial assets measured at fair value				
Investment properties	–	–	82,969	82,969
Biological assets	–	–	15,959	15,959
Farmland assets	–	–	180,322	180,322
Assets for which fair values are disclosed				
Loans receivables at amortised cost	–	–	424,910	424,910
As at 31 July 2022				
Financial assets and liabilities measured at fair value				
Financial assets held for trading	452,256	45,154	75,577	572,987
Other financial assets	–	155,275	10,686	165,961
Long term equity investments	4,661,496	93,679	48,325	4,803,500
Other financial liabilities	–	(7,304)	–	(7,304)
Non-financial assets measured at fair value				
Investment properties	–	–	85,576	85,576
Biological assets	–	–	9,310	9,310
Farmland assets	–	–	116,138	116,138
Assets for which fair values are disclosed				
Loans receivables at amortised cost	–	–	234,154	234,154

11 Fair value estimation (continued)

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the change in level 3 items for the half year ended 31 January 2023:

	Financial assets held for trading \$'000	Other financial assets \$'000	Long term equity investments \$'000	Investment properties \$'000	Biological assets \$'000	Farmland assets \$'000	Loans receivables at amortised cost \$'000
Opening balance at 1 August 2022	75,577	10,686	48,325	85,576	9,310	116,138	234,154
Acquisitions and additions	2,009	—	18,112	2,060	—	66,995	245,935
Disposals/repaid	(1,000)	—	—	—	—	(9)	(57,666)
Change in fair value due to biological transformation	—	—	—	—	13,173	—	—
Transfer to inventory	—	—	—	—	(6,524)	—	—
Transfer to property, plant and equipment	—	—	—	—	—	(1,470)	—
Transfer to level 1 – Financial assets held for trading (listed)	(4,000)	—	—	—	—	—	—
Gain recognised in other revenue	—	272	—	—	—	—	10,236
Loss recognised in other income	(2,126)	—	(136)	(4,667)	—	—	—
Gain recognised in other comprehensive income – unrealised	—	—	2,977	—	—	—	—
Depreciation	—	—	—	—	—	(1,332)	—
Others	—	—	—	—	—	—	(7,749)
Closing balance at 31 January 2023	70,460	10,958	69,278	82,969	15,959	180,322	424,910

Fair value measurement, valuation techniques and inputs

The valuation techniques and inputs for significant level 3 assets are consistent with those of the previous reporting period.

12 Commitments

	31 January 2023 \$'000	31 July 2022 \$'000
Capital commitments		
Capital expenditure contracted for the period but not recognised as liabilities is as follows:		
Within one year	17,574	12,678
One to five years	7,634	9,811
More than five years	—	—
	25,208	22,489

Capital commitments relate to contracted costs for capital improvements to agricultural properties.

At 31 January 2023, the Consolidated Entity has undrawn facilities or commitments to provide additional loans of \$198.7 million (31 July 2022: \$43.0 million) and commitments to provide additional investments in private equity of \$70.4 million (31 July 2022: \$83.3 million).

Other than the above, there are no material changes to the commitments of the Consolidated Entity since 31 July 2022.

13 Contingent liabilities

The consolidated Entity had unrestricted access at 31 January 2023 to bank guarantee facilities of \$28 million (31 July 2022: \$28 million). At 31 January 2023, the Consolidated Entity had drawn down on these facilities by \$13.2 million (31 July 2022: \$12.3 million).

The Group includes subsidiaries that have operations in a range of industries. From time to time and in the ordinary course of business there may be litigation, fines or other regulatory actions. At the reporting date, there are no matters of this nature which are expected to result in a material effect on the financial position of the Group.

14 Events after the reporting period

Since the end of the financial period, no matters or circumstances have arisen that have or will significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Washington H. Soul Pattinson and Company Limited

Directors' Declaration

In the opinion of the Directors of the Company:

1. the financial statements and notes, as set out on pages 29 to 56, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Accounting Standards and the *Corporations Regulations 2001*;
 - b) giving a true and fair view of the financial position as at 31 January 2023 and the performance for the half year ended on that date of the Consolidated Entity;
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



R D Millner

Director – Chairman



T J Barlow

Managing Director

Dated this 23rd day of March 2023

Washington H. Soul Pattinson and Company Limited

Independent Auditor's Review Report to the members



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Independent auditor's review report to the members of Washington H. Soul Pattinson and Company Limited

Conclusion

We have reviewed the accompanying half year financial report of Washington H. Soul Pattinson and Company Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 January 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 January 2023 and of its consolidated financial performance for the half year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Directors' responsibilities for the half year financial report

The directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 January 2023 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Ernst & Young



Ryan Fisk

Partner

Sydney
23 March 2023

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