



ASX Announcement

Appendix 4E for the year ended 31 July 2022

21 September 2022 - Washington H. Soul Pattinson and Company Limited (**ASX: SOL**) provides the attached preliminary final report (Appendix 4E) in accordance with the Listing Rules. The following are the key dates relating to the Company's year end results:

Final Dividend Ex-Date: Thursday, 17 November 2022

Final Dividend Record Date: Monday, 21 November 2022

Dividend Payment Date: Monday, 12 December 2022

Annual General Meeting: Friday, 9 December 2022

The final date for receipt of director nominations is Friday, 28 October 2022.

Investor enquiries:

Todd Barlow, Managing Director and CEO (02) 9210 7070

Media enquiries:

Citadel-MAGNUS

James Strong 0448 881 174

Peter Brookes 0407 911 389

This ASX announcement was authorised for release by the Board.



ASX Appendix 4E and Preliminary Final Report 31 July 2022

Lodged with the ASX under Listing Rule 4.3A

Results for announcement to the market

		Current period July 2022 \$'000	Restated July 2021 \$'000	Change \$'000
Revenue from continuing operations	up 142.5% to	2,784,562	1,148,408	1,636,154
Revenue from discontinued operations	down 12.4% to	310,950	354,983	(44,033)
Loss/(Profit) After Tax attributable to members	down 104.7% to	(12,941)	273,196	(286,137)
Regular Profit After Tax attributable to members ¹	up 154.4% to	834,586	328,115	506,471

Dividends

		Cents per share	Franking %
This period			
Final Dividend		43.0	100
Special Dividend		15.0	100
Interim Dividend		29.0	100
Previous corresponding period			
Final Dividend		36.0	100
Interim Dividend		26.0	100
Record date for determining entitlement to final dividend:	21 November 2022		
Date the Final and Special dividends are payable:	12 December 2021		

¹ Regular Profit After Tax is a non-statutory profit measure and represents profit before Non-regular items. A reconciliation to statutory profit is included in the Alternative Performance Measures section. Refer to page 21.



Earnings per share

	Current period July 2022 Cents	Restated * July 2021 Cents
Earnings per share from continuing operations		
Basic earnings/(loss) per share	(25.80)	104.87
Diluted earnings per share ¹	(25.80)	103.57
Regular Profit After Tax ³ attributable to members per share	264.93	134.59
Earnings per share from discontinued operations²		
Basic earnings per share	21.46	32.72
Diluted earnings per share ¹	21.46	32.31
Regular Profit After Tax ³ attributable to members per share	14.91	30.66
Earnings per share attributable to the Owners of Washington H. Soul Pattinson and Company Limited		
Basic earnings/(loss) per share	(4.34)	137.59
Diluted earnings/(loss) per share ¹	(4.34)	135.88
Regular Profit After Tax ³ attributable to members per share	279.84	165.25

Net tangible assets per security

	Current period July 2022 \$'s	Restated * July 2021 \$'s
Net Tangible Asset backing per ordinary security ⁴ (based on the Consolidated Statement of Financial Position)	25.26	19.16
Net asset value (pre-tax) per ordinary security (based on the NAV statement included in the Chairman's Review)	27.60	24.24

*Comparative figures have been restated to remove the dilutionary impact of the reciprocal interest with Brickworks Limited (2022: 40,799,573 shares; 2021: 40,838,332 shares).

¹ Diluted EPS 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 sale of Round Oak (Refer to Note 8).

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 section Alternative Performance Measures. Refer to page 21.

⁴ Net Tangible Assets per share is a statutory measure based on the Consolidated Entity's Consolidated Statement of Financial Position.

Entities over which control has been gained or lost during the period

Entity	Date control gained/lost	Previous shareholding	Current shareholding
<i>Entities over which control has been gained:</i>			
Milton Corporation Limited	5 October 2021	3.30%	100.00%
Ampcontrol Limited	31 May 2022	43.02%	100.00%
<i>Entities over which control has been lost:</i>			
Round Oak Minerals Pty Limited	1 July 2022	100.00%	-
New Hope Corporation Limited	29 July 2022	39.85%	39.85%

Refer to Note 1, Note 7 and Note 8 of the Preliminary Final Report for further details of the entities over which control has been gained or lost during the period.

Review of operations

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

Audit

The Preliminary Final Report has not been audited.



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Chairman's Review

Dear Shareholders,

I am pleased to present the 2022 Washington H. Soul Pattinson and Company Limited ("the Company", "WHSP") Preliminary Final Report on behalf of the Board of Directors of the Company.

Key Highlights

Performance for the period	July 2022	% change
Statutory (Loss) After Tax	(\$12.9) million	(104.7%)
Regular Profit After Tax ¹	\$834.6 million	154.4%

Key Performance Indicators	July 2022	% change
Net Asset Value (pre-tax) ²	\$9,956 million	71.6%
Net Cash Flows From Investments ³	\$347.9 million	93.0%
2022 ordinary dividends per share (fully franked)	72 cents	16.1%
Total dividend growth over 20 years (ordinary dividend compound annual growth rate)	8.5%	
Total Shareholder Return over 20 years (to 31 July 2022)	12.2%	

Operational Highlights

- Net Cash Flows From Investments per share of 96 cents up 28.0% (compared with FY21)
- Post-tax Net Asset Value per share up 28.5% for the period (outperformance of 34.9% against market)
- Pre-tax Net Asset Value per share up 13.8% over the financial year (outperformance of 20.2% against market)
- Milton successfully integrated creating a unique investment product with diversification across a range of asset classes and investments and access to liquidity to pursue new investments
- 20-year Total Shareholder Return (TSR) of 12.2% per annum (3.4% higher than the market)

¹ 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 Alternative Performance Measures, page 21.

² Refer to page 11 for details of the portfolio Net Asset Value. % change is calculated based on 31 July 21 Net Asset Value.

³ Refer to Alternative Performance Measures on page 21 for the definition of Net Cash Flows From Investments.

Overview

WHSP provides exposure to a diversified range of asset classes and an investment approach which is focused on investing in resilient businesses with good long-term prospects and excellent management. WHSP is focused on creating capital growth along with steadily increasing dividends through disciplined, long-term investing.

A significant highlight during the year was the merger with Milton Corporation Limited (Milton) on 5 October 2021. WHSP welcomed Milton shareholders and staff through this merger of two successful investment companies who share similar long term value focused investment philosophies. This year's report includes the Milton investment portfolio and results from that date.

As of 31 July 2022, we have 58,977 shareholders, an increase of 100% on the previous year.

The Company has again increased its ordinary dividend and continued to generate strong cash flows from its investments. This consistently solid cash generation from our diversified investment portfolio continued to support another increase to the final dividend making WHSP the only company in the All-Ordinaries Index to have increased its ordinary dividends every year for over 20 years.

Our ordinary dividends to shareholders are paid out of the Net Cash Flows From Investments, which increased by 93.0% on the prior corresponding period. Key drivers for the increased ordinary dividends were higher dividends from the Strategic and Private Equity portfolios and the acquisition of Milton. On a per share basis, Net Cash Flows From Investments increased by 28.0% over the prior corresponding period. This is a robust performance across WHSP's investment portfolio that saw increased contributions from all portfolios except Emerging Companies.

In addition to the strong cashflows across the portfolio, WHSP received special dividend income from New Hope as a result of strong commodity prices. Consequently, the Board has resolved to pass on a fully franked special dividend to WHSP shareholders of 15 cents per share.

The value of the Company's portfolio increased over the twelve months to 31 July 2022 despite the All-Ordinaries Index falling 6.4% throughout the period. Net Asset Value per share before tax outperformed the market by 20.2% through the period. On a post-tax basis, the outperformance was 34.9%.

One of WHSP's key advantages is its flexible mandate to make long term investment decisions and adjust the portfolio by changing the composition and mix of investment classes over time. WHSP maintains a strong balance sheet with modest gearing and solid liquidity. WHSP also has available profit reserves and franking credit balances that provide confidence and support to its aim of paying a stable and growing dividend year-on-year.

Despite the strong growth in the Net Asset Value per share and cashflow generation per share, the Company's share price retreated more than the market in FY22. Some of this reflects a starting share price which was influenced by trading around the completion of the Milton merger. The share price as at 31 July 2022 represented a 6.9% discount to the pre-tax Net Asset Value, and a 2.2% premium to the post-tax Net Asset Value.

WHSP remains focused on long term growth and has a strong track record of delivering outperformance over the long term with its Total Shareholder Returns exceeding the All-Ordinaries Accumulation Index over 5, 10, 15 and 20 year periods. Over the last 20 years, WHSP has outperformed the market by 3.4% per annum.

The following table shows the Total Shareholder Return for WHSP shares for various periods and compares them to the ASX All Ordinaries Accumulation Index, which also includes the reinvestment of dividends.

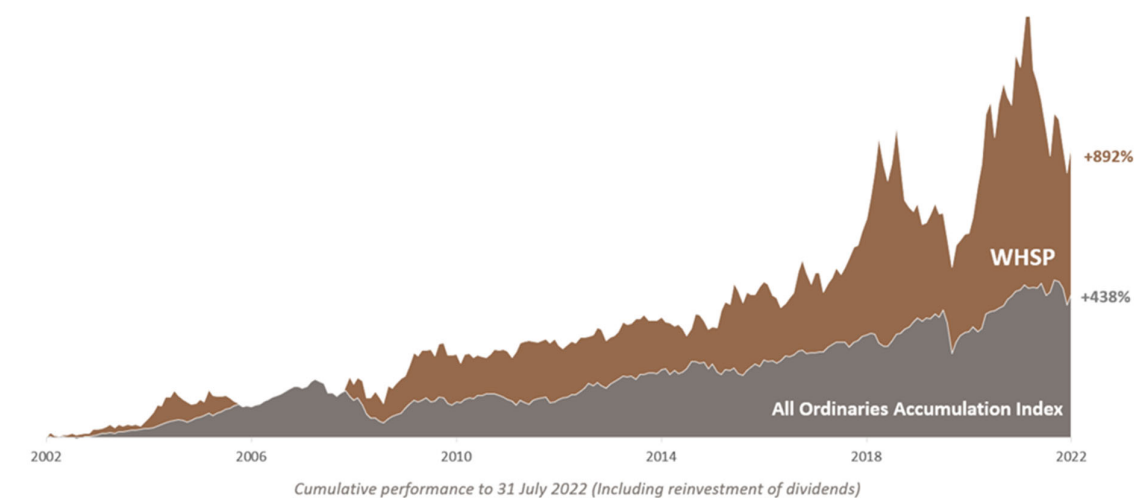
Total Shareholder Returns (TSR) to 31 July 2022

Annualised TSRs	1 year	3 years	5 years	10 years	15 years	20 years
WHSP	(19.6)%	6.7%	10.5%	10.0%	9.9%	12.2%
All Ordinaries Accumulation Index	(2.6)%	4.9%	8.4%	9.6%	5.2%	8.8%
Relative Performance	(17.0)%	1.8%	2.1%	0.4%	4.7%	3.4%

WHSP continues to deliver solid long term total shareholder returns when compared to market returns.

20 Year Total Shareholder Return

The following chart shows the total return over time of an initial investment made in WHSP shares on 31 July 2002 compared to the ASX All Ordinaries Accumulation Index. An investment in WHSP has grown by nearly 9 times over the last 20 years while an investment in the index has increased by less than half of this for the same period. This includes the reinvestment of dividends.



Source: Capital IQ

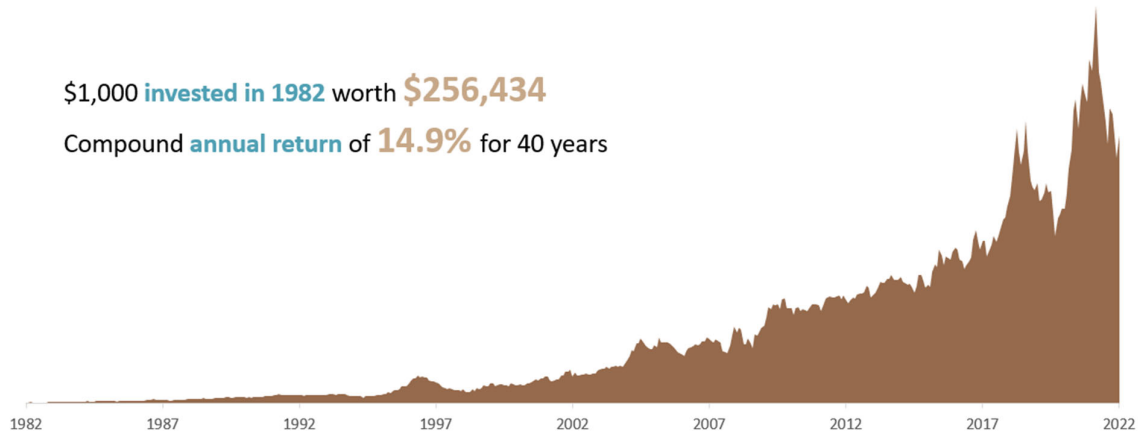


40 Year Total Shareholder Return

This performance has been maintained for a long period of time. If a shareholder had invested \$1,000 in 1982 and reinvested all dividends, the shareholding would have appreciated to over \$255,000 as at 31 July 2022. This equates to a compound annual growth rate of 14.9% year on year for 40 years. This growth does not include the value of the franking credits which have been passed on to shareholders by WHSP but includes the reinvestment of dividends.

\$1,000 invested in 1982 worth **\$256,434**

Compound **annual return** of **14.9%** for 40 years



Source: Capital IQ

Cumulative performance to 31 July 2022 (Including reinvestment of dividends)



Dividends

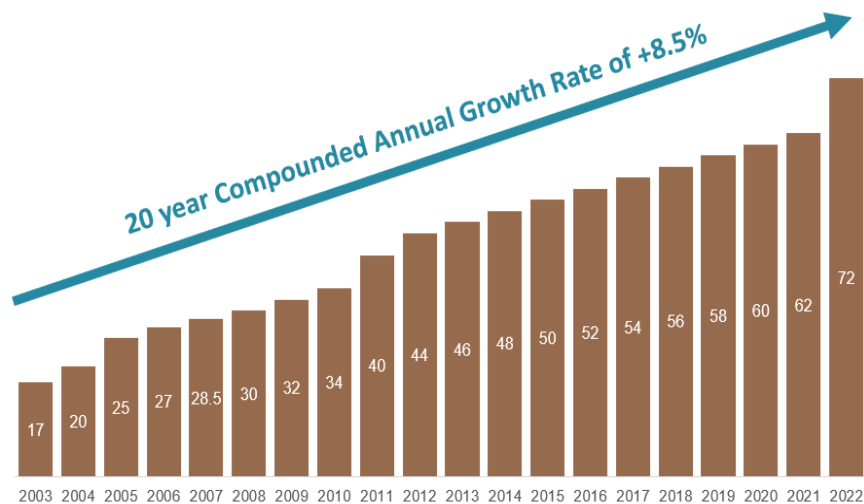
Given the diversified mix of investments and long-term focus on cash generation from investments, WHSP has an exceptional history of paying dividends to shareholders. WHSP has increased its ordinary dividend every year since 2000 and is the only company in the All-Ordinaries Index to have achieved this. The Directors determine interim and final dividends based on the Company's Net Cash Flows From Investments¹. These cash flows include dividends and distributions from its investments, interest income and gains on trading assets.

The Net Cash Flows From Investments for the reporting period was \$347.9 million, up 93.0% compared to the 2021 financial year. This increase was mainly due to increased dividends received by the Large Caps portfolio (arising from the Milton merger) and the Strategic portfolio.

Net Cash Flows From Investments on a per share basis was up 28% to 96 cents per share.

20 Year ordinary dividend history

Cents per share



Full Year dividend

The Directors have resolved to pay a fully franked ordinary final dividend of 43 cents per share in respect of the period ended 31 July 2022 (2021: 36 cents fully franked).

That brings total ordinary dividends declared for FY22 to 72 cents per share, an increase of 16.1% on the previous year.

In addition, the Directors have resolved to pass on a fully franked special dividend to WHSP shareholders of 15 cents per share.

The record date for the ordinary final and special dividends will be 21 November 2022 with payment due on 12 December 2022. The last day to purchase shares and be eligible for the special and final ordinary dividend is 17 November 2022.

In the 2022 financial year, WHSP will pay out 74.7% of its Net Cash Flows From Investments (2021: 82.3%) as ordinary dividends.

Consolidated financial performance and portfolio Net Asset Value

Net Profit After Tax (including non-regular items) attributable to members

The statutory loss after tax attributable to shareholders was \$12.9 million compared to a profit after tax of \$273.2 million for the same period last year. The reduction in statutory profit after tax was largely due to a one-off, non-cash goodwill impairment charge of \$984.6 million arising from the acquisition of Milton on 5 October 2021. This was partly offset by an increase in Regular Profit After Tax to \$834.6 million, compared to \$328.1 million in the prior corresponding period.

The Milton acquisition created \$984.6 million of goodwill, as the scrip-based purchase consideration was required under accounting standards to be calculated using the WHSP share price of \$38.20 on the Scheme of Arrangement implementation date of 5 October 2021, reflecting trading conditions at the time. The residual value allocated to goodwill was a function of WHSP's share price increasing throughout the transaction period rather than representing any future quantifiable economic benefits available from the acquisition of Milton.

Consequently, it was determined that the goodwill calculated in accordance with accounting standards should be fully impaired.

A comparison with the previous corresponding period is as follows:

	2022 \$m	2021 \$m	% change
Statutory (loss) / profit after tax attributable to shareholders	(12.9)	273.2	(104.7%)
Regular Profit After Tax attributable to shareholders	834.6	328.1	154.4%

Regular Profit After Tax attributable to members

The Regular Profit After Tax attributable to shareholders for the period ended 31 July 2022 was \$834.6 million compared to \$328.1 million for the previous corresponding period, representing an increase of 154.4%.

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

	Increase/ (decrease) \$m	% change
Strategic: increased contribution from New Hope from increased thermal coal prices and property profits in Brickworks	524.1	318.0%
Large caps: largely higher dividend income arising from the Milton acquisition	82.8	421.2%
Private equity: only 11 months contribution from Round Oak in FY22 prior to its sale on 1 July 2022	(12.2)	(16.6%)
Emerging companies: lower trading income and mark to market of the portfolio	(91.7)	(125.7%)
Other portfolios and corporate costs	3.5	(120.7%)
Total	506.5	154.4%



Net Asset Value of WHSP

Portfolios as at 31 July 2022	Value of WHSP's Holding \$m	12 month movement \$m	% change	NAV allocation %
Strategic investments ¹	4,837	659	15.8%	48.6%
Large caps ¹	3,103	2,455	378.9%	31.2%
Private equity ²	654	-	-	6.6%
Emerging companies ^{1,2}	612	183	42.7%	6.1%
Structured yield ²	250	5	2.0%	2.5%
Property ²	226	116	105.5%	2.3%
Net working capital ³	274	735	-159.4%	2.8%
Net Asset Value (pre-tax)^{4,5}	9,956	4,153	71.6%	100.0%

1 At market value

2 At cost or Directors' valuation

3 Refer to Note 10 for details regarding bank borrowings

4 Tax of approximately \$882 million would be payable if all assets had been sold at pre-tax NAV as at 31 July 2022. The post-tax NAV per share was \$25.14, an increase of 28.5% over 31 July 2021. On a per share basis, the increase in post-tax NAV exceeded the All-Ordinaries Index by 34.9%

5 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

The Net Asset Value ("NAV") of WHSP is summarised in the table above. The pre-tax NAV as at 31 July 2022 was \$9,956 million, up 71.6% compared to 31 July 2021. On a per share basis, the increase in pre-tax NAV exceeded the All-Ordinaries Index by 20.2%, which decreased by 6.4% over the same period.

Significant investments and divestments in the portfolio over the 2022 financial year were as follows:

- On 5 October 2021, the merger with Milton Corporation Limited was completed, increasing the NAV of WHSP by \$3,844 million, largely in the Large Caps Portfolio (Refer Note 7 of the Preliminary Final Report)
- In December 2021, WHSP completed the sale of its investment in Australian Pharmaceutical Industries Limited ("API") for \$131.2 million, with a subsequent payment of \$16.2 million received in March 2022. API was included in the Strategic Portfolio in the prior year
- In May 2022, WHSP purchased the 57% it did not own in Ampcontrol Limited ("Ampcontrol") for \$99.7 million. Ampcontrol is included in the Private Equity Portfolio (Refer Note 7 of the Preliminary Final Report)
- In July 2022, WHSP completed the sale of its investment in Round Oak Minerals Pty Limited ("Round Oak") in exchange for cash and a 30.2% stake in Aeris Resources Limited valued at \$98 million (Refer Note 8 of the Preliminary Final Report). In the prior year Round Oak was included in the Private Equity Portfolio. The investment in Aeris is now included in the Strategic Portfolio

WHSP has been a net seller of equities during the year and increased its liquidity levels by approximately \$735 million.

Portfolio Review as at 31 July 2022

Introduction

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

- 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
- A board and management team with a strong track record of execution and active stewardship of capital

Following the merger with Milton, we have divided the combined portfolio by asset class, rather than by individual investments, to better reflect the key drivers of portfolio returns.

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.

Current investment environment

Asset prices in the 2022 financial year were more volatile than in the recent past. Many equity markets reached highs early in calendar 2022, then retraced sharply in the second half as investors began incorporating higher discounts into equity prices to reflect a riskier future economic picture.

The All-Ordinaries Accumulation Index returned minus 2.6% for the twelve-month period to 31 July 2022.

WHSP's total portfolio return including dividends was 16.4%, outperforming the All-Ordinaries Accumulation index materially, with most portfolios making positive contributions.

Overarchingly, companies and individuals remain in a strong financial position and economies have generally emerged from COVID lockdowns in good shape. Government support to individuals has elevated the savings rate, giving many people sizeable financial buffers. Corporate balance sheets are not stressed, and the unemployment rate is at record lows across many developed economies.

Corporate earnings growth has been robust during 2022. The resources sector has experienced particularly strong growth due to commodity price increases and the banking sector has enjoyed continued credit growth and low levels of impairments.

Central Banks, however, have begun to raise interest rates sharply in response to higher inflation readings. Inflation is being experienced due to a surge in demand post COVID, wage growth, supply chain challenges and elevated commodity prices. Higher interest rates will reduce the level of future economic growth and impact all countries, companies and individuals. This has the potential to drive the larger economies into recession.

Higher interest rates end a multi-decade period of consistent rate reductions with higher rates not experienced by a generation of investors in financial or real assets. Higher rates increase the required rate of return for investments rendering many investments, that had been funded and supported by low interest rates, vulnerable.

Elevated geopolitical risk due to the conflict in the Ukraine and concerns related to Taiwan further complicate the investment picture.

This combination of factors has increased risk across all asset classes and is the primary cause of the weakness seen in markets in the second half of 2022. Whilst this has returned valuation multiples to long term averages, concerns remain about the level of future earnings growth and the appropriate valuation settings in a higher rate environment.

Higher rates are not all bad news due to improved returns for conservative investors who may prefer higher cash or term deposit holdings but have been pressed to take increased risks in a low-rate environment for income.

An inflationary period and higher rates argue for greater exposure to real assets which have the potential to provide income and growth to offset inflation. This has seen an allocation away from fixed income securities, high-growth companies with low or no current earnings and assets with "bond like" characteristics without inflation protection.

WHSP's portfolio is well positioned to perform in this environment. We aim to invest in high quality, growing companies with strong cash generation and defensive business models. WHSP has strong financial flexibility and available cash to respond to market volatility and a diverse portfolio of uncorrelated assets that act to reduce the volatility of our earnings.

Strategic Portfolio

Net Asset Value	\$4,837 million
% of portfolio	48.6%
Net Cash Flows From Investments	\$168.7 million
Portfolio composition	Interests in TPG, New Hope, Brickworks, Tuas, Apex, Pengana and Aeris Resources
Strategic rationale	Significant investments in uncorrelated listed companies 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.

The merger with Milton has diluted the proportion of the total portfolio allocated to Strategic investments, falling from 72.0% as at 31 July 2021 to 48.6% by 31 July 2022.

Our largest industry exposure in the Strategic Portfolio is in telecommunications through our investments in TPG Telecom Limited and Tuas Limited.

Portfolio changes during the period

During FY22 we sold the 19.3% stake in Australian Pharmaceutical Industries ("API") to Wesfarmers and acquired a 30.3% shareholding in Aeris Resources Limited.

Performance

In FY22 the portfolio delivered a total return of 25.8%. This is a significant outperformance compared to the All Ordinaries Accumulation Index, which delivered a total return of minus 2.6% over this period. New Hope, TPG Telecom, Tuas, Apex and Pengana delivered significant gains, partly offset by Brickworks.

Summarised below is the underlying financial performance of each investment in the portfolio during the reporting period:

TPG Telecom Limited (TPG)

TPG Telecom announced its half year results in August 2022, generating a Net Profit After Tax of \$167 million. This was \$89 million higher than the prior corresponding period, due primarily to lower financing costs, and the recognition of previous capital losses now able to be utilised against the gain from completing the sale of tower assets on 29 July 2022. Operating cash flows for the period were \$567 million, down 7.4% on the prior period, as \$35 million of restructuring costs were incurred during the half year. An interim fully franked dividend of 9 cents per share is payable in October 2022 as compared to 8 cents in the previous period.

WHSP received total dividends of 16.5 cents per share over FY22 from TPG, up 9 cents on the prior year.

New Hope Corporation Limited (New Hope)

New Hope recorded a Net Profit After Tax of \$983.0 million in FY22, compared with a profit of \$79.4 million for the prior corresponding period. Thermal coal prices continued to rise over FY22, with the average AUD realised prices increasing by \$183.84/t to A\$285.20/t, or 181.4%. New Hope exhibited strong cost control and limited production disruption from Covid-19 and adverse weather events. New Hope held \$715.7 million in cash and cash equivalents as at 31 July 2022. An ordinary final fully franked dividend of 17 cents per share and a fully franked special dividend of 13 cents per share were declared, both payable on 8 November 2022.

WHSP received total ordinary dividends of 37 cents per share in FY22 from New Hope, up 33 cents on the prior year.

Brickworks Limited (Brickworks)

Brickworks posted a Net Profit After Tax of \$854 million for the year ending 31 July 2022 compared to \$239 million in the prior corresponding period. The profit increase is largely due to revaluation and development profits in the property trust joint venture with the Goodman Group and a one-off accounting gain from a deemed disposal of its interest in WHSP following the WHSP – Milton merger. An ordinary final fully franked dividend of 41 cents per share was declared.

WHSP received total cash dividends of 62 cents per share in FY22 from Brickworks, up 2 cents on the prior year.

Tuas Limited (Tuas)

Tuas recorded a Net Loss After Tax of S\$26.7 million in FY22, compared with a loss of S\$28.2 million for the prior corresponding period. Earnings before interest, tax, depreciation and amortisation in FY22 were S\$15.5 million, compared to a loss of S\$2.4 million for the prior corresponding period. Subscriber numbers increased by 195,000 over the year to 587,000 active subscribers, with a current average subscriber revenue (ARPU) of S\$9.19 per month. Cash and term deposits stands at S\$49.5 million as at 31 July 2022.

Aeris Resources Limited (Aeris)

WHSP acquired a 30.3% stake in Aeris following the sale of Round Oak Minerals Pty Limited to Aeris on 1 July 2022. The combination of Aeris and Round Oak creates a focused mid-tier base and precious metals producer. Aeris now has four operating assets and the Stockman long-life development project. Aeris has no external borrowings and significant cash balances post the Round Oak acquisition.

Apex Healthcare Berhad (Apex)

Apex recorded a Net Profit After Tax of RM 39.3 million for the six months ending 30 June 2022, up 58.9% on the previous corresponding period. Demand for pharmaceuticals and consumer healthcare products remained elevated due to the continued presence of Covid-19.

WHSP received total dividends of \$2.5 million in FY22 from Apex, up 25% on the prior year.

Pengana Capital Group Limited (Pengana)

Pengana reported a Net Profit After Tax of \$18.7 million for FY22, a 114% increase on the previous year. Annual gross fee margins improved by 15 basis points to 2.26%, with average funds under management subject to performance fees down slightly to \$3.9 billion. Total dividends per share increased by 54% to 20 cents per share.

Contribution to WHSP

The Strategic Portfolio contributed Net Cash Flows From Investments of \$168.7 million, up 55.1% over the prior corresponding period. The increase is largely due to New Hope resuming dividend payments and TPG paying an interim and final dividend following the merger of the TPG and Vodafone businesses.

The total Strategic Portfolio contribution to Consolidated Net Regular Profit After Tax was \$689.0 million up \$524.1 million or 318.0% on the previous financial year.

Outlook

There is a solid outlook for improved dividends from each of the significant investments:

- New Hope: continued elevated thermal coal prices and strong cost control.
- TPG: realisation of merger synergies one year ahead of schedule, resumption of international travel increasing global roaming charges and improvement in market share.
- Brickworks: expect to experience continued strong demand for industrial land and development activities in New South Wales. Strong Building Product sales in Australia and North America are expected in the first half of the 2023 financial year. However, rising interest rates may negatively impact demand for Building Products and increase the risk of capitalisation rate expansion across the Property Portfolios.

Large Caps Portfolio

Net Asset Value	\$3,103 million
% of portfolio	31.2%
Net Cash Flows From Investments	\$116.9 million
Portfolio composition	Companies within the ASX100 index
Strategic rationale	Actively managed Australian equities delivering strong dividends and providing portfolio liquidity

Background

The Large Caps Portfolio is actively managed and is designed to generate capital and income growth over the long-term. It does not seek to replicate any index, and the broad asset mix across WHSP's other portfolios has allowed the Large Caps Portfolio to become increasingly concentrated. The portfolio 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 portfolio seeks to generate consistent tax effective income and aims to invest in companies with growing earnings and dividends over time.

Portfolio changes during the period

There have been material changes to the Large Caps Portfolio over the period as we sought to position WHSP more conservatively due to macroeconomic concerns, and to raise liquidity for new investments in other portfolios. During FY22 WHSP sold a net \$570 million of equities from the portfolio. This has materially improved the financial flexibility of the WHSP group, improved returns and achieved the goal of further concentrating the portfolio.

Performance

Over the 2022 financial year the portfolio delivered a total return of minus 0.6%. This compares with the ASX200 accumulation index of minus 2.2%. Our exposures to banks and resource companies improved relative performance over the year as quality, dividend paying stocks outperformed in the rising rate environment with high multiple technology and healthcare companies underperforming.

This performance reflects the full year performance of the portfolio, noting that the Milton merger was completed in October 2021.

Contribution to WHSP

The Large Cap portfolio contributed Net Cash Flows From Investments of \$116.9 million, up 316.0% over the previous financial year. The increase is largely due to the acquisition of Milton and generally increased dividends as companies emerge from Covid-19 induced uncertainty. FY23 will see a full year of cash contribution from the former Milton portfolio.

The total Large Caps Portfolio contribution to Consolidated Net Regular Profit After Tax was \$102.4 million, up \$82.8 million or 421.2% on the previous financial year.

Outlook

Whilst valuations in the equity market have returned to long term averages, we remain cautious due to the prospect of higher interest rates and the impact of slowing economic growth on corporate earnings. We will look to remain invested in companies that are well run, profitable and with strong market positions.

Private Equity Portfolio

Net Asset Value	\$654 million
% of portfolio	6.6%
Net Cash Flows From Investments	\$40.1 million
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

Portfolio changes during the period

In May 2022, WHSP purchased the 57% it did not already own in Ampcontrol Limited for \$99.7 million. (Refer Note 7 of the Preliminary Final Report).

In July 2022, WHSP completed the sale of its investment in Round Oak Minerals Pty Limited in exchange for cash and a 30.2% stake in Aeris Resources Limited, which is included in the Strategic Portfolio.

Performance

During 2022, the portfolio delivered a total return of 19.1%.

Of this total, Round Oak contributed \$43 million (2021: \$65 million). The lower profit contribution in FY22 largely arose from the inclusion of only 11 months trading as Round Oak was sold to Aeris on 1 July 2022, and there being no contribution from the Barbara mine which ceased production in FY21. This was partially offset by increased contributions from Ampcontrol, Ironbark, Aquatic Achievers and the agricultural investments.

Contribution to WHSP

The Private Equity Portfolio contributed Net Cash Flows From Investments of \$40.1m, up 213.3% over the prior corresponding period. The increase is largely due to increased dividends from Round Oak, Ampcontrol and the agricultural investments.

The total Private Equity Portfolio contribution to Consolidated Net Regular Profit After Tax was \$61.4 million.

Outlook

We expect to allocate additional capital to expand this portfolio of private companies which in turn provide platforms for further growth.

Emerging Companies Portfolio

Net Asset Value	\$612 million
% of portfolio	6.1%
Net Cash Flows From Investments	\$27.6 million
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, information technology, consumer discretionary and communication services sectors.

In response to changing market conditions, during the year WHSP successfully repositioned the Emerging Companies Portfolio away from pre-IPO and technology investments to materials and industrial companies.

Performance

In FY22 the portfolio delivered a total return of minus 3.4%. This is an outperformance of 7.5% against the ASX Small Ordinaries Accumulation Index over the period.

Contribution to WHSP

The Emerging Companies Portfolio contributed Net Cash Flows From Investments of \$27.6m, down 17.6% over the prior corresponding period.

Outlook

We expect to allocate additional capital to expand this portfolio of early stage and high growth companies as valuations for appropriate assets become more reasonable.

Structured Yield Portfolio

Net Asset Value	\$250 million
% of portfolio	2.5%
Net Cash Flows From Investments	\$19.7 million
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 corporate loans and convertible notes with the following characteristics:

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

As at 31 July 2022 there were 11 investments across a range of industries, including technology, financial services and real estate.

Performance

The portfolio delivered a total return of 17.9% in FY22.

Contribution to WHSP

The Structured Yield Portfolio contributed Net Cash Flows From Investments of \$19.7 million, up 18.7% over the prior corresponding period. The increase is largely due to an increase in the running yield in the loan book.

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 as equity capital markets are more restrictive.

Property Portfolio

Net Asset Value	\$226 million
% of portfolio	2.3%
Net Cash Flows From Investments	\$1.6 million
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

Direct property investments 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 the Brickworks industrial property division.

Performance

Over the 2022 period, the portfolio delivered a total return of 47%.

Portfolio changes during the period

An industrial development asset was acquired in Kirrawee, NSW.

Contracts for sale have been entered into for properties in Castle Hill and the Sydney CBD. Settlement is expected in the first half of the 2023 financial year. These properties are classified as Assets Held for Sale as at 31 July 2022.

The retirement lifestyle development, Sage by Moran at Cronulla, NSW is currently under construction. Forward sales are ahead of expectations.

Following the merger with Milton, the Consolidated Entity now has non-controlling interests in multiple residential development joint ventures, which continue to generate returns through the development and sale of land parcels.

Contribution to WHSP

The Property Portfolio contributed Net Cash Flows From Investments of \$1.6m, up 14.3% over the prior corresponding period.

Outlook

The supply of industrial property is tight and there is scope to increase rents. The market is pricing in further interest rate increases. The dynamic between possible rent increases and expected expansion in capitalisation rates remains uncertain.

Net Working Capital

Net Asset Value	\$274 million
% of portfolio	2.8%
Net Cash Flows From Investments	(\$26.7) million
Portfolio composition	Cash, interest-bearing liabilities and other assets and liabilities
Strategic rationale	Provide portfolio liquidity

As at 31 July 2022, WHSP's Net Working Capital included net cash of \$72 million, comprising cash of \$486 million and gross interest-bearing debt of \$414 million with a current average cost of debt at around 1.75%pa.

Taking advantage of high equity valuations in the first half of FY22, WHSP was a significant seller of equities and other assets, resulting in a significant increase in cash and a net cash position as at 31 July 2022. Net Working Capital as at 31 July 2022 was \$274m (an increase of \$735 million throughout the year).



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 the 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 and 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 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 22.

Net Cash Flows From Investments

Net Cash Flows From Investments represent the underlying cash flows generated by WHSP’s investment portfolio after deducting corporate costs and adjusting for Non-Regular cash flows. The Board of the Parent Entity determines dividends having regard to Net Cash Flows From Investments. Net Cash Flows From Investments is reconciled to Profit After Tax on page 25.

Net Asset Value

WHSP is a long term investor. Net Asset Value (“NAV”) (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 market value or Directors’ valuation as shown in the NAV statement. The NAV post-tax assumes WHSP will dispose of its assets and incur an income tax liability based on the adopted market values or Directors’ valuations.

Reconciliation between Regular Profit After Tax and 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 is consistent with the prior period. Transactions between business segments are on an arm's length basis in a manner similar to transactions with third parties.

	31 July 2022 \$'000	31 July 2021 \$'000
Regular Profit After Tax attributable to members		
Strategic portfolio	688,975	164,834
Large caps portfolio	102,422	19,650
Private equity portfolio	61,365	73,576
Emerging companies portfolio	(18,784)	72,960
Structured yield portfolio	11,063	11,797
Property	32,829	3,101
Intersegment/unallocated ⁴	(43,284)	(17,803)
Regular Profit After Tax attributable to members	834,586	328,115
Non-regular items after tax		
Goodwill impairment arising from the Milton acquisition	(984,565)	-
Gain on loss of control of a subsidiary (New Hope)	490,620	-
Tax benefit on recycling New Hope reserves on deconsolidation	17,188	-
Gain on disposal of a subsidiary (Round Oak)	21,372	-
Transaction costs on disposal of a subsidiary	(2,583)	-
Gain on disposal of a mining site	2,529	-
Share of Non-regular items from equity accounted associates	(80,595)	(17,750)
(Loss)/gain on deemed disposal of equity accounted associates	(856)	5,161
Gain on sale of equity accounted associates' shares	4,663	-
Gain on derecognition of equity accounted associates	22,091	2,550
Deferred tax expense on deconsolidation of New Hope	(334,276)	-
Deferred tax expense recognised on equity accounted associates	(18,430)	(28,952)
Impairment (expense)/reversal on equity accounted associates	(14,374)	25,322
Impairment expense on Queensland coal mining assets	-	(13,569)
Impairment reversal on property, plant and equipment	-	1,484
Impairment expense on exploration and evaluation assets	(1,392)	(842)
Impairment expense on other assets	(1,550)	(869)
Acquisition costs expensed	(2,128)	-
Transaction costs for potential IPO of subsidiary	(1,546)	-
Debt waiver consent fees	-	(789)
Reversal/(provision) of expected credit loss allowance	1,221	(1,867)
Liquidation related costs	(2,740)	(834)
Restructuring costs	(181)	-
Reversal of New Acland ramp down costs	-	3,840
Onerous contracts	-	(12,564)
Write off of loan and interest to external party	-	(11,550)
Redundancies	(1,531)	(5,111)
In-specie dividend income	40,604	-
Other items	(1,069)	1,421
Total Non-regular Loss After Tax attributable to members	(847,528)	(54,919)
Profit After Tax attributable to members	(12,941)	273,196
Add: profit attributable to non-controlling interests	569,385	47,243
Profit After Tax	556,444	320,439

⁴ Intersegment/unallocated represents Parent Entity corporate costs that are not allocated to individual segments.

Investment Portfolio Financial Information

Financial performance of the Investment Portfolio is measured by Regular Profit After Tax and Net Cash Flows From Investments.

Regular Profit After Tax is a measure of the financial performance. This measurement 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 operations but are unusual due to their size.

The classification of income and expenses as regular or non-regular is consistent with the Consolidated Entity. This is a non-statutory measure and a reconciliation to the Profit After Tax is provided on page 22. 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 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 Milton Corporation. 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 Milton; and
- Elimination of the WHSP Parent's investment in Milton and transactions between the two entities.

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 July 2022 \$'000	
Current assets		
Cash and term deposits	485,578	1
Assets held for sale	6,163	
Financial assets held for trading	572,986	
Other financial assets	155,274	2
Loans to third parties	1,250	
Other current assets	24,998	
Total current assets	1,246,249	
Non-current assets		
Other financial assets – Listed equities	–	2
Long term equity investments – measured at market value	4,653,553	
Long term equity investments – measured at fair value	150,674	3
– Listed controlled and associated entities – measured at the lower of cost or impaired value	364,130	
– Unlisted controlled and associated entities – measured at the lower of cost or impaired value	614,834	4
Other financial assets – measured at fair value	10,686	
Loans to controlled entities and associates	132,032	
Loans to third parties	213,420	
Other non-current assets	196,374	
Total non-current assets	6,335,703	
Total assets	7,581,952	
Current liabilities		
Interest bearing liabilities	195,770	
Other current liabilities	108,682	
Other financial liabilities	7,672	2
Total current liabilities	312,124	
Non-current liabilities		
Interest bearing liabilities	218,247	
Other non-current liabilities	194,426	
Total non-current liabilities	412,674	
Total liabilities	724,798	
Net assets	6,857,154	
Equity		
Share capital	4,689,957	
Reserves	207,075	
Retained profits	1,960,122	
Total equity	6,857,154	

Statement of Comprehensive Income

	2022 \$'000	
Loss after tax	(801,804)	
Add/(Less): Non-regular items after tax		
Write down of investment in Milton	1,177,392	
Loss on sale of a controlled entity	59,015	
Write off of loan to a controlled entity	3,684	
Net impairment expense on controlled entities/associates	30,466	
Net impairment expense/(benefit) on investments	1,073	
Milton merger acquisition cost	1,978	
Revaluation of a property	(2,390)	
Reversal of expected credit loss provision	(1,221)	
Deferred tax recognised on investment in associate	(18,661)	
Performance fees paid/payable to controlled entity	12,718	
In-specie and special dividends income	(206,502)	
Other	999	
Regular profit after tax	256,748	
Other comprehensive income		
Net movement in the fair value of the listed investment portfolio	(1,106,546)	5

Net Asset Value

Market value of listed entities as at 31 July 2022

The market values of listed investments are based on the last sale prices as quoted on the ASX or other securities exchanges on 31 July 2022 and are therefore subject to price fluctuations.

	\$'000
Market value of financial assets held for trading	720,588
Long term equity investments	
TPG Telecom Limited	1,506,034
Macquarie Group Limited	361,855
Commonwealth Bank of Australia Limited	259,509
BHP Group Limited	203,891
CSL Limited	184,689
Wesfarmers Limited	166,669
National Australia Bank Limited	155,461
Woolworths Limited	140,297
Transurban Group Limited	106,145
Johns Lyng Group Limited	87,003
Eagers Automotive Limited	85,154
Other listed entities	1,396,847
Market value of long term equity investments	4,653,553
Listed controlled and associated entities	Holding
New Hope Corporation Limited	39.9%
Brickworks Limited	43.3%
Tuas Limited	25.4%
Apex Healthcare Berhad	29.8%
Aeris Resources Limited	30.3%
Pengana Capital Group Limited	37.0%
Clover Corporation Limited	20.5%
Market value of listed controlled and associated entities	3,353,128
Total value of WHSP's listed investments	8,727,269
Unlisted investments (Cost and Directors valuation)	885,649
Gross interest bearing liabilities	(414,017)
Cash and other assets	757,152
Consolidated net assets value pre-tax	9,956,053

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 July 2022, a net capital gains tax liability of approximately \$881.7 million would have arisen based on market values as at 31 July 2022.

Of this amount, only \$176.0 million has been recognised in the Parent Entity's financial report at 31 July 2022. 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 and Net Cash Flows From Investments

	2022 \$'000
For the year ended 31 July 2022	
Interest income (from cash and loans)	14,850
Dividend and distribution income	
TPG Telecom Limited	38,943
Macquarie Group Limited	11,818
Commonwealth Bank of Australia Limited	7,150
BHP Group Limited	11,517
CSL Limited	907
Wesfarmers Limited	3,154
National Australia Bank Limited	6,833
Woolworths Limited	1,948
Transurban Group Limited	2,999
Johns Lyng Group Limited	312
Eagers Automotive Limited	2,888
Other listed entities	5,260
Total dividend and distribution income	326,015
Other revenue	2,986
Realised and fair value losses on equities	(35,714)
Other expenses	(33,812)
Finance costs	(6,051)
Regular profit before tax	268,274
Income tax expense	(11,526)
Regular profit after tax	256,748
Add back the following:	
Non-cash fair value loss on equities	119,031
Net movements in working capital and tax paid	(27,878)
Net Cash Flows From Investments	347,900

The Board declares dividends having regard to Net Cash Flows From Investments. The following information demonstrates the underlying support Net Cash Flows From Investments currently provides to dividends declared:

Dividends paid/payable	
– Interim of 29 cents per share paid 13 May 2022	104,651
– Final of 43 cents per share payable 12 December 2022	155,216
Ordinary dividends paid/payable	259,867
– Special of 15 cents per share payable 12 December 2022	54,145
Total dividends paid/payable	314,012
Payout ratio	
Ordinary dividends as a percentage of Net Cash Flows From Investments	74.70%

Consolidated Statement of Comprehensive Income

for the year ended 31 July 2022

	Notes	2022 \$'000	2021 \$'000
Revenue from continuing operations	4	2,784,562	1,148,408
Other income	5	560,355	143,207
Expenses			
Cost of sales		(1,029,235)	(675,781)
Selling and distribution expenses		(115,327)	(198,207)
Administration expenses		(90,420)	(56,024)
Acquisition costs expensed		(3,041)	-
Impairment expense	6	(18,887)	(22,197)
Write off of goodwill	6	(984,565)	-
Other expenses	6	(10,132)	(24,288)
Finance costs	6	(37,381)	(34,896)
Share of results from equity accounted associates	9	201,144	67,212
Profit before income tax expense from continuing operations		1,257,073	347,434
Income tax expense		(764,630)	(91,964)
Profit after income tax expense for the year from continuing operations		492,443	255,470
Profit after income tax expense from discontinued operations ³	8	64,001	64,969
Profit after income tax expense for the year		556,444	320,439
Profit/(loss) for the year is attributable to:			
Owners of Washington H. Soul Pattinson and Company Limited		(12,941)	273,196
Non-controlling interests		569,385	47,243
		556,444	320,439
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income		(276,596)	(198,328)
Disposal of long term equity investments, net of tax		123,913	(15,713)
Net movement after tax in capital gains reserve		116,376	16,075
Items that may be reclassified subsequently to profit or loss			
Net movement after tax in hedge reserve		(66,989)	(31,383)
Net movement after tax in foreign currency translation reserve		(799)	(2,170)
Net movement after tax in equity reserve		4,146	(4,295)
Total other comprehensive loss for the year, net of tax		(99,949)	(235,814)
Total comprehensive income for the year		456,495	84,625
Total comprehensive income/(loss) for the year is attributable to:			
Owners of Washington H. Soul Pattinson and Company Limited		(49,140)	54,701
Non-controlling interests		505,635	29,924
Total comprehensive income for the year		456,495	84,625

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income (continued)

for the year ended 31 July 2022

	2022 \$'000	2021 \$'000
Profit/(loss) attributable to ordinary equity holders of the parent:		
Continuing operations	(76,942)	208,227
Discontinued operations ³	64,001	64,969
Profit attributable to ordinary equity holders of the parent for basic earnings:	(12,941)	273,196
Interest on convertible notes, after tax ²	-	1,140
Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	(12,941)	274,336
		Restated ¹
	2022 000's	2021 000's
Weighted average number of ordinary shares	339,252	239,395
Less weighted average number of treasury shares ¹	(41,013)	(40,838)
Weighted average number of ordinary shares for basic EPS	298,239	198,557
Effects of dilution from convertible notes ²	-	2,502
Weighted average number of ordinary shares adjusted for the effect of dilution	298,239	201,059
	Cents	Cents
Earnings per share from continuing operation		
Basic earnings per share	(25.80)	104.87
Diluted earnings per share ²	(25.80)	103.57
Earnings per share from discontinued operations³		
Basic earnings per share	21.46	32.72
Diluted earnings per share ²	21.46	32.31
Earnings per share from continuing operations attributable to the Owners of Washington H. Soul Pattinson and Company Limited		
Basic earnings per share	(4.34)	137.59
Diluted earnings per share ²	(4.34)	135.88

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

¹ Include adjustment for treasury shares and for the reciprocal interest with Brickworks Limited (2022: 40,799,573 shares); (2021: 40,838,332 shares). Prior year comparatives have been restated.

² 2022 diluted EPS excludes the impact of the convertible note holders converting their 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.

³ Discontinued operations relate to the sale of Round Oak (Refer to Note 8).

Consolidated Statement of Financial Position

as at 31 July 2022

	Notes	2022 \$'000	2021 \$'000
Current assets			
Cash and cash equivalents		506,327	610,324
Trade and other receivables		83,061	163,987
Inventories		58,229	126,966
Biological assets		9,310	4,658
Assets classified as held for sale		108,343	13,655
Financial assets held for trading		572,987	397,582
Other financial assets		155,275	18,814.00
Total current assets		1,493,532	1,335,986
Non-current assets			
Trade and other receivables		230,388	233,514
Equity accounted associates	9	2,643,174	899,236
Long term equity investments		4,803,500	2,362,838
Other financial assets		10,686	49,521
Investment properties		85,576	87,158
Property, plant and equipment		254,263	2,117,066
Exploration and evaluation assets		-	124,181
Right-of-use assets		37,305	125,324
Deferred tax assets		182,714	30,324
Intangible assets		147,195	133,339
Total non-current assets		8,394,801	6,162,501
Total assets		9,888,333	7,498,487
Current liabilities			
Trade and other payables		69,636	112,382
Contract liabilities		26,729	1,031
Interest bearing liabilities	10	197,641	294,727
Lease liabilities		9,024	18,596
Derivative financial instruments		7,304	335
Current tax liabilities		71,578	56,345
Provisions		20,408	63,703
Total current liabilities		402,320	547,119
Non-current liabilities			
Trade and other payables		12	143
Interest bearing liabilities	10	307,575	747,905
Lease liabilities		33,665	112,816
Deferred tax liabilities		679,494	619,567
Provisions		6,368	317,356
Total non-current liabilities		1,027,114	1,797,787
Total liabilities		1,429,434	2,344,906
Net assets		8,458,899	5,153,581
Equity			
Share capital	11	4,680,159	47,177
Reserves		(184,767)	(155,144)
Retained profits		3,952,995	4,201,400
Parent Entity interest		8,448,387	4,093,433
Non-controlling interests		10,512	1,060,148
Total equity		8,458,899	5,153,581

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 31 July 2022

	Share capital \$'000	Retained profits \$'000	Reserves \$'000	Total Parent Entity interest \$'000	Non- controlling interests \$'000	Total equity \$'000
Total equity at the beginning of the 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 year after tax	-	(12,941)	-	(12,941)	569,385	556,444
Other comprehensive income/(loss) for the year						
Net movement after tax in asset revaluation reserve	-	-	(153,274)	(153,274)	591	(152,683)
Net movement after tax in hedge reserve	-	-	(2,578)	(2,578)	(64,411)	(66,989)
Net movement after tax in foreign currency translation reserve	-	-	(712)	(712)	(87)	(799)
Net movement after tax in equity reserve	-	-	4,146	4,146	-	4,146
Net movement after tax in capital gains reserve	-	-	116,219	116,219	157	116,376
Total comprehensive income/(loss) for the year	-	(12,941)	(36,199)	(49,140)	505,635	456,495
Transactions with owners						
Dividends provided for or paid ¹	-	(204,901)	-	(204,901)	(186,589)	(391,490)
Newly issued ordinary shares ²	4,642,781	-	-	4,642,781	-	4,642,781
Loss of control of a subsidiary	-	-	-	-	(1,370,884)	(1,370,884)
Equity transfer from members on issue of share capital in a subsidiary	-	-	-	-	1,701	1,701
Net movement in share based payments reserve	-	(1,643)	6,576	4,933	511	5,444
Employee share based payment ³	(9,799)	-	-	(9,799)	-	(9,799)
Transactions with non-controlling interests	-	-	-	-	24	24
Return of capital	-	-	-	-	(34)	(34)
Reclassification of a fair value investment to an associate	-	(28,920)	-	(28,920)	-	(28,920)
Total equity at the end of the year						
31 July 2022	4,680,159	3,952,995	(184,767)	8,448,387	10,512	8,458,899

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

¹ After the elimination of \$26.5 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 Ampcontrol and the balance of Milton shares under a Scheme of Arrangement. Refer Note 7 for further details.

³ Shares acquired under the Milton Staff share plan. Refer to Note 11.

Consolidated Statement of Changes in Equity (continued)

for the year ended 31 July 2021¹²

	Share capital \$'000	Retained profits \$'000	Reserves \$'000	Total Parent Entity interest \$'000	Non-controlling interests \$'000	Total equity \$'000
Total equity at the beginning of the year						
1 August 2020	43,232	4,133,308	63,253	4,239,793	872,194	5,111,987
Net profit for the year after tax	-	273,196	-	273,196	47,243	320,439
Other comprehensive income/(loss) for the year						
Net movement after tax in asset revaluation reserve	-	(4,287)	(210,014)	(214,301)	260	(214,041)
Net movement after tax in hedge reserve	-	-	(13,819)	(13,819)	(17,564)	(31,383)
Net movement after tax in foreign currency translation reserve	-	-	(2,155)	(2,155)	(15)	(2,170)
Net movement after tax in equity reserve	-	(939)	(3,356)	(4,295)	-	(4,295)
Net movement after tax in capital gains reserve	-	114	15,961	16,075	-	16,075
Total comprehensive income/(loss) for the year	-	268,084	(213,383)	54,701	29,924	84,625
Transactions with owners						
Dividends provided for or paid ¹	-	(121,028)	-	(121,028)	(19,303)	(140,331)
Equity portion of convertible bond issued	3,945	-	-	3,945	6,613	10,558
Net movement in share based payments reserve	-	405	(1,043)	(638)	22	(616)
Tax on partial disposal of a subsidiary to non-controlling interest	-	(37,084)	-	(37,084)	-	(37,084)
Transactions with non-controlling interests	-	(37,709)	(3,971)	(41,680)	173,237	131,557
Return of capital	-	(2,421)	-	(2,421)	(4,854)	(7,275)
Equity transfer from members on issue of share capital in a subsidiary	-	-	-	-	2,315	2,315
Reclassification of a fair value investment to an associate	-	(2,155)	-	(2,155)	-	(2,155)
Total equity at the end of the year						
31 July 2021	47,177	4,201,400	(155,144)	4,093,433	1,060,148	5,153,581

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

¹ After the elimination of \$25.0 million (43.3%) of the Parent Entity dividend paid to Brickworks Limited.

Consolidated Statement of Cash Flows

for the year ended 31 July 2022

	Notes	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from customers inclusive of GST		2,676,804	1,477,683
Payments to suppliers and employees inclusive of GST		(1,298,153)	(1,015,846)
		1,378,651	461,837
Dividends received		192,092	101,229
Interest received		13,057	10,573
Interest on lease liabilities		(5,597)	(6,909)
Payments for financial assets held for trading		(733,888)	(219,524)
Proceeds from sale of financial assets held for trading		434,626	165,514
Acquisition costs expensed		(2,856)	-
Finance costs paid		(18,910)	(17,034)
Income taxes refund/(paid)		(64,653)	19,029
Net cash inflow from operating activities	12	1,192,522	514,715
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles		(162,321)	(167,006)
Proceeds from sale of property, plant and equipment and intangibles		28,205	24,060
Payments for capitalised exploration and evaluation activities		(19,316)	(14,546)
Payments for acquisition and development of investment properties		(35,585)	(7,952)
Proceeds from sale of investment properties		4,424	28,273
Payments for equity investments		(458,372)	(120,553)
Proceeds from sale of equity investments		976,533	50,020
Payments to acquire equity accounted associates		(31,200)	(4,674)
Cash flow from acquisition of business, net of cash acquired		(78,792)	-
Payments for deferred consideration		(1,601)	(17,060)
Proceeds from sale of business, net of cash received		86,818	62
Refund/(payments) for security and bond guarantee		(1,012)	(4,786)
New Hope cash balance deconsolidated		(715,894)	-
Loan repayments from external parties		140,375	34,863
Loans advanced to external parties		(118,735)	(209,475)
Term deposit payment		(100,000)	-
Net cash outflow from investing activities		(486,473)	(408,774)
Cash flows from financing activities			
Dividends paid to WHSP shareholders	3	(234,563)	(146,031)
Dividends paid by subsidiaries to non-controlling interests		(185,437)	(19,306)
Proceeds from external borrowings		79,295	202,899
Repayments of external borrowings		(451,420)	(392,380)
Return of capital to non-controlling interest		-	(7,275)
Principal repayments of lease liabilities		(19,806)	(26,954)
Proceeds from part sale of shares in a subsidiary and joint venture		-	132,034
Proceeds from issue of convertible notes		-	416,791
Payment of shares acquired for the employee long term incentive plan		(2,586)	(4,123)
Transactions with subsidiaries non-controlling interest		750	2,338
Net cash inflow from financing activities		(813,767)	157,993
Net increase in cash and cash equivalents		(107,718)	263,934
Cash and cash equivalents at the beginning of the financial year		610,324	344,813
Effects of exchange rate changes on cash and cash equivalents		3,721	1,577
Cash and cash equivalents at the end of the financial year		506,327	610,324

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to the Consolidated Financial Statements

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

This Preliminary Final Report does not include all the Notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 31 July 2021 and any public announcements made by Washington H. Soul Pattinson and Company Limited and its controlled entities (Consolidated Entity or Group) during the reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 July 2022 reporting period. The Group has assessed the financial impact of these pending standards to be immaterial and therefore the Group has elected not to early adopt these standards and interpretations.

The accounting policies are consistent with those of the previous financial period.

The Preliminary Final Report was authorised for issue by the Board on 21 September 2022.

Covid-19 impact on operations and financial statements

The majority of the Consolidated Entity's investments operated uninterrupted during the reporting period, with a priority to protect the health and safety of all employees. The operating businesses of the Consolidated Entity used strict workplace protocols, including physical distancing, travel restrictions, roster changes, flexible working arrangements, rapid screening and personal hygiene controls.

Key financial impacts to the Consolidated Entity resulting from Covid-19 during the current financial period were as follows:

- Changes to demand resulting in higher commodity prices, in particular, increased average realised prices achieved for thermal coal, copper and zinc;
- The impact of increased sales volumes of major product lines in response to market demand;
- The Consolidated Entity has not needed to grant any material deferrals or waiver of rents received from its investment properties; and
- Changes to operating costs, including additional costs incurred to manage the impact on our assets (e.g. costs relating to controls such as cleaning, screening and roster changes) and the effect of favourable exchange rate and input cost movements. The Consolidated Entity has not received any material benefit from the deferral or waiver of lease payments. The Consolidated Entity has not received any Federal Government support during the current reporting period.

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

As at the reporting date, the Parent Entity's ownership interest in New Hope is 39.85% (FY2021 39.85%).

The directors of the Parent Entity concluded that the Consolidated Entity lost control of New Hope on 29 July 2022. Circumstances giving rise to the loss of control are as follows:

On 29 July 2022, New Hope appointed an additional independent non-executive director bringing the New Hope board to six members. Three directors of New Hope are also directors of the Parent Entity with the other three directors being independent non-executive directors. The current New Hope Chairman (Robert Millner) provided a written undertaking that whenever chairing any board or members meeting of New Hope when the New Hope board comprises six directors where three directors are common to the Parent Entity, the Chairman undertakes not to exercise a casting vote in accordance with the relevant provisions in the New Hope constitution.

During the reporting period, the New Hope share price has, at times, traded at a premium to the current conversion price for the New Hope convertible bond. This has created substantive rights for the New Hope Convertible Bond holders to convert. Therefore, the Consolidated Entity considers it more likely than not that Convertible Bond holders will convert their bonds into New Hope equity. If all New Hope convertible bond holders converted into equity, the Parent Entity's relative equity interest in New Hope would reduce by approximately 4.53% to 35.32%.

As a consequence of the above and consideration of other relevant factors, it has been concluded that from 29 July 2022, the Consolidated Entity has significant influence over New Hope and no longer has control for accounting purposes. The Consolidated Entity's investment in New Hope is recognised as an associate and the equity method of accounting is applied from this date. Refer to Note 9 for further details.

The financial impact of derecognising New Hope as a subsidiary is a non-cash gain of \$491 million, with a tax expense of \$313 million, resulting in an after tax gain of \$178 million. The gain reflects the initial recognition of the New Hope investment at fair value, partly offset by the creation of a deferred tax liability.

01 Basis of preparation (continued)

The assessment of the point in time when the Consolidated Entity lost control of New Hope is considered to be an area of significant accounting judgement. The judgements include the combination of the shareholding, shareholder composition, de-facto control, historical and expected voting patterns at general meetings, potential voting rights that are substantive, and the composition of the Board of Directors. The judgement assessing when control of New Hope is lost affects the net assets that are deconsolidated, the fair value of the retained interest, and the gain on disposal. It was concluded that 29 July 2022 best represented the point in time in which the combination of these factors resulted in the Consolidated Entity losing control of New Hope.

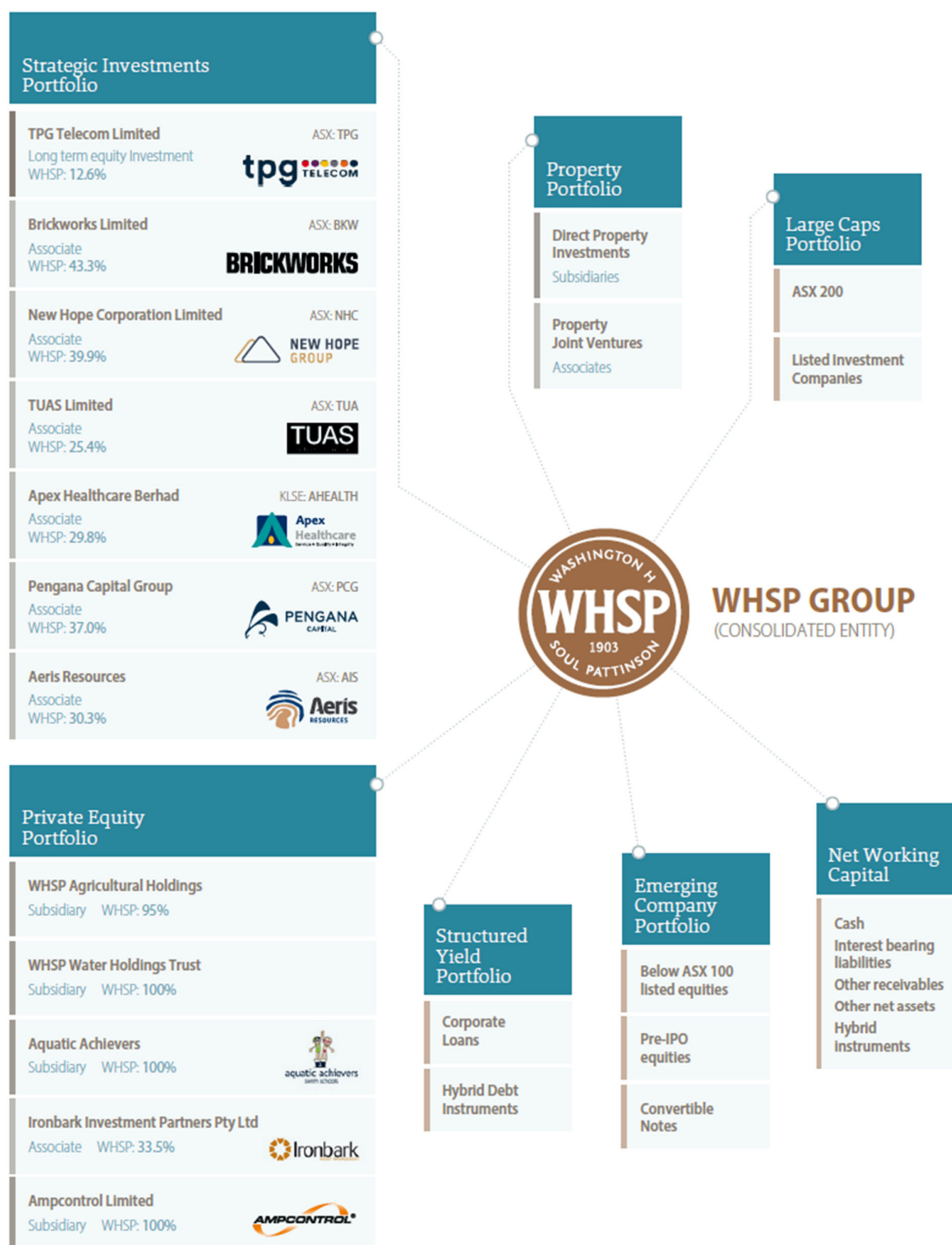
To assist users of the financial report, the following summarised financial information shows the standalone contribution of New Hope as a subsidiary in the Consolidated Statement of Comprehensive Income for the 2022 and 2021 reporting periods.

	Up to 29 July 2022 \$'000	2021 \$'000
Revenue	2,483,355	1,053,978
Expenses	(1,138,189)	(943,258)
Profit before income tax	1,345,166	110,720
Income tax	(401,520)	(31,370)
Profit after income tax	943,646	79,350
Profit for the year attributable to:		
Owners of Washington H Soul Pattinson and Company Limited	372,740	35,708
Non-controlling interests	570,906	43,642
	943,646	79,350

Discontinued operations

As described in Note 8, the results of Round Oak have been presented as discontinued operations due to its disposal during the year. Prior year comparative amounts in the financial statements and related notes have been restated where appropriate.

02 Segment Information



02 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.

Change in reporting segments

Following the acquisition of Milton Corporation Limited during the reporting period, the Consolidated Entity has amended its segment disclosures to more accurately reflect the current information provided to the CODM and the changes to how the CODM manages and assesses the performance of the operating segments. The information provided to the CODM has changed since the prior period and therefore it was appropriate to update the segment disclosure to reflect these changes. The comparative segment disclosures have been updated to be consistent with the current period segment disclosures.

In accordance with AASB 8 *Operating Segments*, the Consolidated Entity has identified its operating segments to be the following:

Strategic portfolio

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

The investment in TPG Telecom Limited is held at Fair Value through Other Comprehensive Income. New Hope was consolidated throughout the previous reporting period and during the current reporting period up to and including 29 July 2022. However, the directors of the Parent Entity concluded that the Consolidated Entity lost control of New Hope on 29 July 2022. New Hope has been equity accounted from that date (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. Round Oak Minerals Pty Limited was sold during the current reporting period to Aeris Resources Limited in exchange for cash and shares. The Group's resulting investment is accounted for as an associate and is included in the Strategic portfolio as at 31 July 2022.

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 largely comprises direct investments that are actively managed with an aim of generating superior long term returns from passive ownership. The portfolio also includes investments in property development joint ventures.

Notes to the Consolidated Financial Statements

02 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
Year ended 31 July 2022								
Revenue from continuing operations	2,519,836	143,026	3,637	92,738	18,266	3,495	3,564	2,784,562
Profit/(loss) after tax from continuing operations	1,308,240	143,026	(12,783)	39,513	12,284	32,828	(1,030,665)	492,443
Profit after tax from discontinued operations ²	-	-	-	64,001	-	-	-	64,001
Profit/(loss) after tax for the year	1,308,240	143,026	(12,783)	103,514	12,284	32,828	(1,030,665)	556,444
Less: (Profit)/loss attributable to non-controlling interests	(569,375)	-	-	(11)	-	1	-	(569,385)
Profit/(loss) after tax attributable to members	738,865	143,026	(12,783)	103,503	12,284	32,829	(1,030,665)	(12,941)
Segment Assets	4,003,960	3,326,452	646,528	809,114	264,893	225,064	612,322	9,888,333
Segment Liabilities	(860,874)	-	(7,602)	(223,956)	(1,287)	(11,609)	(324,106)	(1,429,434)
Net assets	3,143,086	3,326,452	638,926	585,158	263,606	213,455	288,216	8,458,899

¹ Unallocated represents Parent Entity revenue and corporate costs that are not allocated to individual segments. In the current year, unallocated also includes an impairment of \$984.6 million goodwill arising from the acquisition of Milton. Refer to Note 7.

² Refer to Note 8.

Notes to the Consolidated Financial Statements

02 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
Year ended 31 July 2021								
Revenue from continuing operations	1,069,018	19,895	2,868	35,659	14,088	6,159	721	1,148,408
Profit/(loss) after tax from continuing operations	178,435	19,650	66,449	8,972	(1,620)	5,005	(21,421)	255,470
Profit after tax from discontinued operations ²	-	-	-	64,969	-	-	-	64,969
Profit/(loss) after tax for the year	178,435	19,650	66,449	73,941	(1,620)	5,005	(21,421)	320,439
Less: (Profit)/loss attributable to non-controlling interests	(47,497)	-	-	10	-	244	-	(47,243)
Profit/(loss) after tax attributable to members	130,938	19,650	66,449	73,951	(1,620)	5,249	(21,421)	273,196
Segment Assets	5,186,585	646,805	376,050	651,151	343,552	103,356	190,988	7,498,487
Segment Liabilities	(1,503,023)	(96,874)	(27,809)	(169,020)	(8)	(989)	(547,183)	(2,344,906)
Net assets	3,683,562	549,931	348,241	482,131	343,544	102,367	(356,195)	5,153,581

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

² Refer to Note 8.

03 Dividends

	2022 \$'000	2021 \$'000
Dividends paid during the year		
Final dividend for the year ended 31 July 2021 of 36 cents (2020: 35 cents) per fully paid ordinary share paid on 14 December 2021 (2020: 14 December 2020) fully franked	129,912	83,788
Interim dividend for the year ended 31 July 2021 of 29 cents (2021: 26 cents) per fully paid ordinary share paid on 13 May 2022 (2021: 14 May 2021) fully franked	104,651	62,243
Total dividends paid	234,563	146,031
Dividends not recognised at year end		
In addition to the above dividends, since year end the Directors have resolved to pay:		
A final dividend of 43 cents per fully paid ordinary share, (2021: 36 cents) fully franked	155,216	129,912
A special dividend of 15 cents per fully paid ordinary share, fully franked	54,145	-
Both dividends are due to be paid on 12 December 2022 (2021: 14 December 2021) out of retained profits as at 31 July 2022. As the final dividend was not declared by the Directors until 21 September 2022, a provision was not recognised as at 31 July 2022.	209,361	129,912
Franking of dividends		
The final and special dividends for 31 July 2022 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 31 July 2023.		
Franking credits available for future dividend payments		
Franking credits available for subsequent financial years based on an Australian company tax rate of 30% (2021: 30%).	777,112	628,911
Subsequent to year end, the franking account will be reduced by the final and special dividends to be paid on 12 December 2022 (2021: 14 December 2021)	(89,726)	(55,676)
Balance of franking credits available after payment of the final dividend	687,386	573,235

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

On 5 October 2021, as part of the implementation of the Scheme of Arrangement between the Company and Milton Corporation Limited ("Milton"), the Company issued 121,470,772 ordinary shares to Milton's shareholders.

On 31 May 2022, the Company issued 101,771 shares under a share sale deed as part consideration for the acquisition of shares in Ampcontrol Limited.

This increased the total number of ordinary shares on issue at the end of the reporting period to 360,967,863 (2021: 239,395,320). This has resulted in a significant increase in the total dollar value of subsequent dividends paid or declared by the Company to its shareholders.

04 Revenue

	2022 \$'000	2021 \$'000
Revenue from contracts with customers		
Revenue from sale of goods	2,120,206	996,495
Revenue from provisional pricing adjustments	382,498	42,341
Rental revenue	5,309	6,135
Revenue from services	52,226	28,012
	2,560,239	1,072,983
Other revenue		
Dividend and distribution revenue	194,691	51,456
Interest revenue	20,577	12,733
Other	9,055	11,236
	224,323	75,425
Total revenue	2,784,562	1,148,408

04 Revenue (continued)

Revenue from contracts with customers

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
Year ended 31 July 2022				
Major product lines				
Coal, oil and gas	2,454,253	-	-	2,454,253
Other goods and services	17,174	85,053	3,759	105,986
Total revenue from contracts with customers¹	2,471,427	85,053	3,759	2,560,239
Other revenue	48,409	7,686	168,228	224,323
Total revenue	2,519,836	92,739	171,987	2,784,562
Total revenue from contracts with customers by geographical regions				
Australia	155,343	82,198	3,759	241,300
Japan	1,223,591	-	-	1,223,591
Taiwan	613,131	-	-	613,131
Korea	76,278	-	-	76,278
India	14,680	-	-	14,680
Chile	39,006	-	-	39,006
Other ²	349,398	2,855	-	352,253
Total revenue from contracts with customers¹	2,471,427	85,053	3,759	2,560,239
Timing of revenue recognition from contracts with customers				
Goods and services transferred at a point in time	2,454,253	65,126	945	2,520,324
Goods and services transferred over time	17,174	19,927	2,814	39,915
Total revenue from contracts with customers	2,471,427	85,053	3,759	2,560,239

Major product lines

Revenue from contracts with customers come from the Group's various consolidated entities including the sale of coal, oil, gas (New Hope), agricultural goods (WHSP Agricultural Trust), electrical and electronic engineering equipment, the provision of electrical engineering services (Ampcontrol), and provision of teaching services (Aquatic Achievers).

Major customer

Revenues of \$277.35 million (2021: \$161.91 million) are derived from one (2021: one) external customer of New Hope, representing 13% (2021: 16%) of Total Revenue from Customer Contracts. These revenues are attributed to the Taiwan geographical segment (2021: Taiwan). There are no other individual customers which represent more than 10% of revenue from customer contracts for the period ended 31 July 2022.

¹ Revenue from customer contracts 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 (continued)

Revenue from contracts with customers (continued)

Year ended 31 July 2021	Strategic Portfolio \$'000	Private Equity Portfolio \$'000	Other activities \$'000	Total \$'000
Major product lines				
Coal, oil and gas	1,025,869	-	-	1,025,869
Other goods and services	13,735	28,984	4,395	47,114
Total revenue from contracts with customers ¹	1,039,604	28,984	4,395	1,072,983
Other revenue	29,414	6,676	39,335	75,425
Total revenue from continuing operations	1,069,018	35,660	43,730	1,148,408
Total revenue from contracts with customers by				
Australia	87,883	28,984	4,395	121,262
Japan	434,697	-	-	434,697
China	20,869	-	-	20,869
Taiwan	239,727	-	-	239,727
Korea	61,643	-	-	61,643
Chile	63,371	-	-	63,371
India	59,291	-	-	59,291
Vietnam	15,885	-	-	15,885
Other ²	56,238	-	-	56,238
Total revenue from contracts with customers ¹	1,039,604	28,984	4,395	1,072,983
Timing of revenue recognition from contracts with customers				
Goods and services transferred at a point in time	1,025,869	28,318	8	1,054,195
Goods and services transferred over time	13,735	666	4,387	18,788
Total revenue from contracts with customers	1,039,604	28,984	4,395	1,072,983

¹ Revenue from customer contracts includes income from commodity sales and services.² Other revenue from customer contracts relate to third party customer contracts with undisclosed geographical information.

05 Other income

	2022 \$'000	2021 \$'000
Gain on fair value of biological assets	22,463	11,114
(Loss)/gain on financial assets held for trading at fair value through profit or loss	(36,582)	107,194
(Loss)/gain on sale of property, plant and equipment	(831)	3,283
Gain on disposal of an associate	6,131	-
Gain on de-recognition of equity accounted associates	22,091	-
(Loss)/gain on deemed disposal of equity accounted associates	(2,019)	7,373
Reclassification adjustment from reserves on derecognition of an associate	-	3,643
Gain from loss of control of a subsidiary	490,620	-
Gain on revaluation of investment property	51,918	3,600
(Loss) on sale of investment properties	-	(873)
Gain on sale of other investments	6,899	-
Insurance recoveries	1,067	5,739
Other	(1,402)	2,134
	560,355	143,207

o6 Expenses

Profit before income tax includes the following specific expenses:	2022 \$'000	2021 \$'000
Depreciation		
Buildings	(4,029)	(3,238)
Plant and equipment	(63,488)	(63,036)
Bearer plants	(2,399)	(1,826)
Right-of-use assets	(12,279)	(11,545)
Total depreciation	(82,195)	(79,645)
Amortisation		
Mining reserve and mine development	(63,825)	(67,301)
Intangible assets	(4,365)	(4,075)
Oil producing assets	(4,946)	(5,529)
Lease incentive and leasing fee assets	-	(22)
Total amortisation	(73,136)	(76,927)
Impairment reversal/(expense)¹		
Goodwill	(984,565)	-
Equity accounted associates	(14,374)	25,322
Property, plant and equipment (including mine development costs)	1,208	(33,484)
Land and buildings	-	(9,053)
Exploration and evaluation assets	(4,989)	(1,248)
Right-of-use assets	-	(2,136)
Intangibles	589	(915)
Other assets	(1,321)	(683)
Total impairment expense	(1,003,452)	(22,197)
Operating lease costs expensed²	(242)	(631)
Employee benefits expenses³	(186,170)	(166,407)
Finance costs⁴	(37,381)	(34,896)
Exploration costs expensed⁵	-	(8,499)
Onerous contract⁶	-	(37,276)
Redundancy costs⁷	(5,491)	(15,733)
Other expenses⁸	(10,132)	(24,288)

o6 Expenses (continued)

1. Impairment expense

Impairment expense by segment and by asset class is shown in the table below:

Year ended 31 July 2022

	Strategic portfolio \$'000	Emerging portfolio \$'000	Private equity portfolio \$'000	Property portfolio \$'000	Other investing activities \$'000	Total \$'000
Impairment reversals/(expense)						
Goodwill on acquisition of						
Milton Corporation Limited ^a	-	-	-	-	(984,565)	(984,565)
Equity accounted associates ^b	4,117	(11,915)	(6,576)	-	-	(14,374)
Property, plant and equipment (including mine development costs)	-	-	1,208	-	-	1,208
Exploration and evaluation assets	(4,989)	-	-	-	-	(4,989)
Intangibles	-	-	589	-	-	589
Other assets	-	-	(247)	(1,074)	-	(1,321)
	(872)	(11,915)	(5,026)	(1,074)	(984,565)	(1,003,452)

Year ended 31 July 2021

	Strategic portfolio \$'000	Emerging portfolio \$'000	Private equity portfolio \$'000	Property portfolio \$'000	Other investing activities \$'000	Total \$'000
Impairment reversals/(expense)						
Equity accounted associates	25,322	-	-	-	-	25,322
Property, plant and equipment (including mine development costs)	(31,576)	-	(1,908)	-	-	(33,484)
Land and buildings	(9,053)	-	-	-	-	(9,053)
Exploration and evaluation assets	(1,248)	-	-	-	-	(1,248)
Right-of-use-assets	(2,136)	-	-	-	-	(2,136)
Intangibles	-	-	(915)	-	-	(915)
Other assets	(683)	-	-	-	-	(683)
	(19,374)	-	(2,823)	-	-	(22,197)

a) Milton Corporation Limited ("Milton") acquisition goodwill impairment

Milton was a listed investment company, substantially invested in liquid Australian listed equities, whose fair value is determined by reference to quoted market prices in active, public stock markets.

The Group acquired Milton on 5 October 2021.

The fair value of Milton's identifiable assets and liabilities was provisionally determined at \$3,804 million based on the requirements of AASB 3 *Business Combinations* and AASB 13 *Fair Value Measurement* and following a comprehensive valuation process which included the assistance of external valuation consultants.

Consideration for the Milton acquisition was determined as follows:

- An all-share exchange that gave Milton shareholders 0.1863 Washington H. Soul Pattinson and Company Limited shares for every Milton share they owned. On 5 October 2021, WHSP issued 121,470,772 shares; and,
- WHSP closing share price of \$38.20 on 5 October 2021. It is a requirement of AASB 3 that the value of the consideration be based on the WHSP share price as at the date WHSP obtained control of Milton.

From the date of announcing the proposed transaction (22 June 2021) to its completion on 5 October 2021, the WHSP share price traded between \$30.50 and \$39.80. Since the acquisition to 31 July 2022, the WHSP share price has decreased, with a volume weighted average share price over this period of \$28.18.

- The total value of the purchase consideration was \$4,630 million resulting in an excess of \$984.57 million over the fair value of net identifiable assets acquired. The magnitude of the excess is due to the significant appreciation in the WHSP share price between the date of the announcement of the transaction and the date that WHSP obtained control over Milton.

o6 Expenses (continued)

In accordance with AASB 3, the Consolidated Entity is required to provisionally recognise goodwill on acquisition of \$984.57 million that forms a part of the carrying value of the Large Caps Portfolio cash generating unit ("CGU").

Accounting standard AASB 136 *Impairment of Assets*, requires that CGUs containing goodwill be tested for impairment whenever there are indications that goodwill may be impaired. Indicators of impairment as at the date of acquisition include:

- There were no material net synergy benefits arising from the acquisition to support the carrying value of any goodwill.
- Prior to the announcement of the proposed acquisition, Milton consistently traded at an implied discount to its pre-tax net assets. This discount arose as investors allowed for portfolio management costs and the implied deferred tax in the portfolio. If Milton had traded at a premium to net assets this would be an indicator that investors considered goodwill existed in the Milton Group prior to its acquisition by WHSP.
- There is no special value or know how in the Milton investment team over and above what WHSP has in house or could be hired in the market.

The recoverable amount of the Milton investment portfolio was measured based on fair value less costs to sell (as determined in accordance with AASB 13). The Directors believe the identifiable assets and liabilities acquired reflect their fair values as at the date WHSP took control.

Goodwill is calculated as the excess of the consideration, as calculated under AASB 3, and the fair value of the net assets acquired. Given the appreciation in the WHSP share price from the date of announcement of the transaction to the date which WHSP took control, together with the subsequent share price volatility, the Directors believe that an impairment to reduce the value of the goodwill on acquisition to \$nil is an appropriate representation of the CGU's recoverable amount. This is evidenced by the lower trading range of WHSP shares post acquisition.

It is noted that the agreed terms of the transaction included a 10% premium to the net assets (post tax) of Milton. This was considered appropriate to ensure the successful completion of the transaction rather than representing recognition of future unidentifiable benefits attributable to the Milton acquisition.

Accordingly, the Consolidated Entity completed an impairment test of goodwill based on the results of the provisional purchase price allocation process (see Note 7) and determined that all of the allocated goodwill was impaired as of the date of acquisition, therefore an impairment charge at acquisition of \$984.57 million has been recorded.

b) 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 year ended 31 July 2022, an impairment expense of \$11.92 million was recognised on the investment in Palla Pharma Limited (2021: \$2.28 million) and \$6.58 million on the investment in Heritage Brands Limited (2021: \$nil). A reversal of impairment of \$4.12 million was recognised for Pengana Capital Group Limited (2021: reversal of \$27.60 million).

o6 Expenses (continued)

2. Operating lease costs expensed

Lease payments made in relation to short-term and low value leases are recognised as expenses on a straight line basis over the lease term.

3. Employee benefits expenses

Employee benefits expenses represent expenses paid to all employees within the Group. This amount includes \$141.69 million (2021: \$150.04 million) paid to employees of New Hope. Employee benefits expenses also include superannuation expenses of \$17.92 million (2021: \$10.48 million).

4. Finance costs

This amount mainly includes \$26.73 million (2021: \$26.88 million) paid by New Hope, and \$7.96 million (2021: \$6.98 million) paid by the Parent Entity on interest bearing liabilities, unwinding of the discount on provisions and interest expense in relation to leases liabilities.

5. Exploration costs expensed

This amount relates to New Hope exploration costs expensed.

6. Onerous contract

During the prior period ended 31 July 2021, New Hope recognised an expense of \$37.28 million in respect of one onerous take-or-pay contract that ended December 2021. The expense was recognised as a selling and distribution expense, and included actual costs paid during the period ended 31 July 2021 and estimated costs expected to be paid in future periods. During 2022, the provision for the onerous contract was fully unwound.

7. Redundancy costs

During the current period ended 31 July 2022, New Hope incurred \$5.49 million (2021: \$15.73 million) in redundancy costs across its Queensland operations and corporate office as part of an overall group restructure.

8. Other expenses

During the current period ended 31 July 2022, New Hope incurred liquidation related expenses of \$9.82 million (2021: \$2.62 million) relating to the voluntary administration of the Northern Energy Corporation Limited and Colton Coal Pty Ltd.

During the prior period ended 31 July 2021, other expenses mainly relate to \$16.50 million write off of loan and interest to an external party, \$2.67 million expected credit losses allowance on external loans, \$2.62 million liquidation related expenses incurred by New Hope and \$1.30 million loss on fair value recognition of a loan.

07 Business combinations

During the year ended 31 July 2022, the Group acquired the following businesses:

- The remaining 97% of the Milton Corporation Limited (Milton) shares,
- The remaining 57.1% of the Ampcontrol Limited (Ampcontrol) shares, and
- 100% of a swim school.

A summary of the impact of these transactions is as follows:

	Milton (5 October 2021) \$'000	Swim school (19 November 2021) \$'000	Ampcontrol (31 May 2022) \$'000	Total \$'000
Purchase consideration	4,630,107	4,633	99,711	4,734,451
Add: Amounts previously recognised through investments	158,105	-	75,300	233,405
Less: Fair value of net assets acquired	(3,803,647)	(1,961)	(124,911)	(3,930,519)
Goodwill on acquisition	984,565	2,672	50,100	1,037,337
Net cash flows from the acquisition of subsidiaries	17,647	(4,848)	(95,556)	(82,757)

07 Business combinations (continued)

Acquisition of Milton

Milton Corporation Limited ("Milton") was a listed investment company substantially invested in liquid Australian listed equities.

On 5 October 2021, WHSP completed its acquisition of the remaining 97% (which it did not previously own) of the issued and outstanding equity of Milton for consideration of \$4,630 million. The acquisition was completed through an all-share exchange which gave Milton shareholders 0.1863 WHSP shares for every Milton share. The consideration was valued using the closing price of WHSP shares on 5 October 2021 of \$38.20 per share. The value of net assets initially recognised in the 31 July 2022 financial statements is based on a provisional assessment of their fair value. The finalisation of the fair value of the acquired assets and liabilities at acquisition date will be completed within the 12 month measurement period in accordance with the Consolidated Entity's accounting policy.

Revenue and profit contributions

The acquired business contributed revenue of \$108.8 million and profit before tax of \$83.9 million for the period 5 October 2021 to 31 July 2022. If the acquisition had occurred on 1 August 2021, revenue and profit before tax would have been \$155.9 million and \$124.6 million respectively.

A summary of the assets and liabilities acquired is as follows:

	5 October 2021 \$'000
Cash	20,481
Trade and other receivables	8,530
Equity accounted associates	26,804
Long term equity investments	3,421,897
Property, plant and equipment	5,868
Deferred tax assets	320,905
Trade and other payables	(166)
Current tax liabilities	(269)
Provisions	(403)
Fair value of net identifiable assets	3,803,647
Provisional Goodwill on acquisition ^{1,2}	984,565
Less: amounts previously recognised through investments ³	(158,105)
Fair value of net assets acquired	4,630,107
Purchase consideration	
Fair value of ordinary shares issued	4,640,163
Treasury shares	(10,056)
Total purchase consideration	4,630,107
Cash flows from acquisition	
Cash balance acquired	20,481
Net cash flow from investing activities	20,481
Acquisition related costs ⁴	(2,834)
Net cash outflow expensed	(2,834)
Cash flows from the acquisition of Milton, net of cash acquired	17,647

¹ Goodwill arising on acquisition is not deductible for tax.

² Goodwill arising from the acquisition of Milton was impaired to \$nil. Refer to Note 6 for details.

³ Represents the fair value of the investment in Milton owned by WHSP prior to acquisition of the balance of remaining shares.

⁴ Costs relating to these acquisitions have been recognised as "Acquisition costs expensed" in the Statement of Comprehensive Income.

07 Business combinations (continued)

Acquisition of Ampcontrol

Ampcontrol Limited ("Ampcontrol") and its subsidiaries are engaged 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.

On 31 May 2022 a subsidiary of the Parent Entity, Souls Private Equity Limited, completed the acquisition of the remaining 57.1% (which it previously did not own) of the issued and outstanding equity of Ampcontrol for consideration of \$99.71 million. The acquisition was completed as cash consideration of \$97.10 million and scrip consideration of \$2.61 million through the issue of 101,771 WHSP shares. The value of net assets initially recognised in the 31 July 2022 financial statements are based on a provisional assessment of their fair value. The finalisation of the fair value of the acquired assets and liabilities at acquisition date will be completed within the 12 month measurement period in accordance with the Consolidated Entity's accounting policy.

Revenue and profit contributions

The acquired business contributed revenue of \$48.0 million and a loss before tax of \$(0.3) million for the period 1 June 2022 to 31 July 2022. If the acquisition had occurred on 1 August 2021, revenue and profit before tax would have been \$258.8 million and \$13.2 million respectively. Previously, Ampcontrol was recognised as an equity accounted associate.

In accordance with AASB 3 *Business Combinations*, the Group's previously held investment in Ampcontrol shall be remeasured at acquisition date and the resulting gain or loss should be recognised in the profit or loss statement or other comprehensive income, as appropriate. The acquisition of Ampcontrol resulted in a \$22.1 million gain recognised in the profit or loss statement associated with the fair value uplift of the previously held interest.

A summary of the assets and liabilities acquired is as follows:

	31 May 2022 \$'000
Cash	2,455
Trade and other receivables	48,190
Inventories	59,241
Equity accounted associates	1,976
Property, plant and equipment	76,579
Identifiable intangibles	37,878
Right of use assets	13,399
Current tax receivables	3,602
Trade and other payables	(30,140)
Provisions	(18,652)
Interest bearing liabilities	(22,786)
Lease liabilities	(11,500)
Contract liabilities	(21,531)
Deferred tax liabilities	(13,800)
Fair value of net identifiable assets	124,911
Provisional Goodwill on acquisition ¹	50,100
Less: amounts previously recognised through investments ²	(75,300)
Fair value of net assets acquired	99,711
Purchase consideration	
Cash paid at acquisition	97,095
Fair value of ordinary shares issued	2,616
Total purchase consideration	99,711
Cash flows from acquisition	
Cash paid at acquisition	(97,095)
Cash balance acquired	2,455
Net cash flow from investing activities	(94,640)
Acquisition related costs	(916)
Net cash outflow expensed	(916)
Cash flows from the acquisition of Ampcontrol, net of cash acquired	(95,556)

¹ Goodwill arising on acquisition is not deductible for tax.

² Represents the fair value of the investment in Ampcontrol owned by WHSP prior to acquisition of the balance of remaining shares.

07 Business combinations (continued)

Acquisition of a Swim School

On 19 November 2021, a subsidiary of the Parent Entity, Aquatic Achievers Operations Pty Limited, acquired a 100% interest in a Swim School for a total purchase consideration of \$4.63 million. The fair values of the acquired assets and liabilities have been finalised and recognised in the 31 July 2022 financial statements.

Revenue and profit contributions

The acquired business contributed revenue of \$1.2 million and a profit before tax of \$0.3 million for the period 19 November 2021 to 31 July 2022. If the acquisition had occurred on 1 August 2021, revenue and profit before tax would have been \$1.8 million and \$0.3 million respectively.

A summary of the assets and liabilities acquired is as follows:

	19 November 2021 \$'000
Trade and other receivables	12
Inventories	6
Property, plant and equipment	2,263
Right of use assets	1,091
Deferred tax assets	428
Trade and other payables	(14)
Provisions	(35)
Interest bearing liabilities	(1,377)
Deferred tax liabilities	(413)
Fair value of net identifiable assets	1,961
Provisional Goodwill on acquisition ¹	2,672
Fair value of net assets acquired	4,633
Purchase consideration	
Cash paid at acquisition	4,633
Total purchase consideration	4,633
Cash flows from acquisition	
Cash paid at acquisition	(4,633)
Net cash flow from investing activities	(4,633)
Acquisition related costs ²	(215)
Net cash outflow expensed	(215)
Cash flows from the acquisition of Swim School, net of cash acquired	(4,848)

¹ Goodwill arising on acquisition is not deductible for tax.

² Costs relating to these acquisitions have been recognised as "Acquisition costs expensed" in the Statement of Comprehensive Income

o8 Discontinued operations

A share purchase agreement between WHSP, Aeris HoldCo Pty Ltd ("Aeris") and Aeris Resources Limited ("AIS") was signed on 28 April 2022 whereby WHSP sold 100% of its shares in Round Oak Minerals Pty Limited ("Round Oak") to Aeris. The sale consideration comprised of an \$80 million cash payment, the issue of 1,466 million ordinary shares in AIS and a working capital adjustment. The sale transaction was completed on 1 July 2022, and consequently WHSP holds a 30.3% shareholding in AIS at year-end. This is classified as an investment in an associate and accounted for using the equity method.

On 12 July 2022, AIS performed a 1:7 share consolidation. From this date, the Group's holding in AIS was 209,523,810 ordinary shares.

Prior to its disposal, the Round Oak operations were included in the Private Equity Portfolio. The Round Oak business is presented as a discontinued operation and the results for the periods ending 1 July 2022 and 31 July 2021 are presented below:

	Up to 1 July 2022 \$'000	2021 \$'000
Revenue from contracts with customers	310,950	354,983
Expenses	(249,887)	(259,077)
Operating income	61,063	95,906
Finance costs	(355)	(1,065)
Profit before income tax expense from discontinued operations	60,708	94,841
Income tax expense	(18,079)	(29,872)
Profit before gain on disposal	42,629	64,969
Gain on disposal of Round Oak	21,372	-
Profit after income tax expense for the year from discontinued operations	64,001	64,969

Assets and liabilities of Round Oak Minerals Limited at date of sale:

	1 July 2022 \$'000
Assets	
Cash and cash equivalents	14,695
Trade and other receivables	8,521
Inventories	48,337
Current tax assets	1,861
Property, plant and equipment	142,254
Exploration and evaluation assets	25,030
Right-of-use assets	1,314
Intangible assets	26
Deferred tax assets	15,189
Total assets sold	257,227
Liabilities	
Trade and other payables	38,892
Lease liabilities	1,406
Provisions	73,399
Total liabilities sold	113,697
Net assets	143,530

o8 Discontinued operations (continued)

The net cash flows of Round Oak Minerals Limited are as follows:

	Up to 1 July 2022 \$'000	2021 \$'000
Cash flows of discontinued operations		
Net cash from operating activities	151,003	148,531
Net cash used in investing activities	(53,631)	(64,156)
Net cash used in financing activities	(120,913)	(56,618)
Net cashflows for the period	(23,541)	27,757
Gain on disposal		
Cash consideration received	80,000	
Shares received in Aeris	98,269	
Working capital adjustment	(18,600)	
Total consideration received	159,669	
Carrying amount of net assets disposed	(143,530)	
Gain on disposal before income tax and transaction costs	16,139	
Income tax benefit	5,233	
Gain on disposal before transaction costs	21,372	
Transaction costs and other items	(4,250)	
Gain on disposal after income tax and transaction costs	17,122	

09 Equity accounted associates

	2022 \$'000	2021 \$'000
Non-current assets		
Equity accounted associates	2,643,174	899,236

a) Movement in equity accounted carrying values

Opening balance at 1 August	899,236	810,407
New investments during the period	168,514	6,041
Reclassification of a subsidiary to an associate	1,456,147	-
Reclassification of a long term equity investment to equity accounted associate	36,300	14,272
Reclassification of equity accounted associate to an asset held for sale	-	(5,642)
Reclassification of equity accounted associate to a long term equity investment	(24,065)	-
Reclassification of equity accounted associate to a subsidiary	(53,239)	-
(Loss)/gain on deemed disposal of equity accounted associates	(2,019)	7,373
Share of profits after income tax, before impairment	201,144	67,212
Net impairment (expense)/reversal of equity accounted associates	(14,374)	25,322
Dividends received/receivable	(60,318)	(49,417)
Add back share of dividends paid to Brickworks	26,514	25,003
Share of associates' increments/(decrements) in reserves	9,334	(1,335)
Closing balance at 31 July	2,643,174	899,236

09 Equity accounted associates (continued)

b) Details of investments and results in associates

Year ended 31 July	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 July 2022	31 July 2021	31 July 2022 Total \$'000	31 July 2021 Total \$'000	31 July 2022 Total \$'000	31 July 2021 Total \$'000
Ampcontrol Limited⁴ <i>Integrated electrical, electronic and control solutions provider</i>	30-Jun	Australia	N/A ¹	42.9	5,389	3,620	-	49,629
Apex Healthcare Berhad⁵ <i>Pharmaceutical manufacturer and distributor</i>	31-Dec	Malaysia	29.8	29.8	7,281	5,176	49,176	47,130
Aeris Resources Limited⁶ <i>Mining and exploration activities</i>	30-Jun	Australia	30.3	N/A ¹	-	-	98,269	-
Brickworks Limited⁷ <i>Manufacturer of building products and investor</i>	31-Jul	Australia	43.3	43.3	164,313	74,230	746,335	588,584
Ironbark Investment Partners Pty Limited⁸ <i>Investment management services</i>	30-Jun	Australia	33.5	30.5	4,909	590	52,828	36,070
New Hope Corporation Limited⁹ <i>Mining and exploration activities</i>	31-Jul	Australia	39.9	N/A ¹	14,511	-	1,470,658	-
Pengana Capital Group Limited¹⁰ <i>Funds management</i>	30-Jun	Australia	37.0	38.6	6,943	3,367	68,827	68,017
Palla Pharma Limited¹¹ <i>Manufacturer of narcotic concentrate from poppy straw</i>	31-Dec	Australia	19.9	19.9	-	(11,702)	-	11,915
Tuas Limited¹² <i>Telecommunications provider</i>	31-Jul	Australia	25.4	25.3	(6,818)	(7,558)	67,861	72,208
Other associates	various	Australia	various	various	4,616	(511)	89,220	25,683
Total contributions from equity accounted associates					201,144	67,212	2,643,174	899,236
Fair value gain on reclassification of associate to subsidiary ⁴					22,091	-		
Fair value gain on reclassification of subsidiary to associate ⁹					490,621	-		
Gain on deemed disposal of equity accounted associates, net of tax					(1,413)	5,161		
Deferred tax expense on deconsolidation of New Hope					(334,276)	-		
Deferred tax expense recognised on equity accounted associates					(20,125)	(28,952)		
Net impairment (expense)/reversal of associates					(14,374)	25,322		
Net contribution from equity accounted associates					343,668	68,743		

09 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 associate 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. Refer to Note 7.
- 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 decreased by 0.05% to 29.83%.
- 6 As part of the Round Oak transaction, the Group acquired 30.3% of the issued shares of Aeris Resources Limited (Refer to Note 8). This holding was measured at fair value at the date of initial recognition, being 1 July 2022, and has subsequently been equity accounted by the Group.
- 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 0.05% to 43.25%.
- 8 During the current reporting period, the Parent Entity purchased additional shares in Ironbark for \$11.8 million. The Group's shareholding increased by 3.0% to 33.5%.
- 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.

The Directors of Northern Energy Corporation Limited (NEC) and Colton Coal Pty Ltd (Colton Coal), which are subsidiaries of the New Hope associate, placed the companies into voluntary administration on 17 October 2018. The companies were subsequently placed into liquidation by creditors at a meeting on 26 July 2019.

The Liquidators commenced proceedings in the Supreme Court of New South Wales on 26 March 2021 against New Hope, associated subsidiary companies of New Hope and former directors and officers of NEC and Colton. The claims made by the Liquidators include that NEC and Colton were trading whilst insolvent. The Liquidators estimate the total value of the alleged claims to be approximately \$175,000,000 plus interest and costs.

On 26 August 2021 the Liquidators filed and served an Amended Statement of Claim joining Wiggins Island Export Terminal Pty Limited as a plaintiff to the proceedings.

The parties have exchanged evidence and the discovery of documents is substantively completed but remains ongoing. The Court has set down the matter for hearing to commence on 13 February 2023 with a six-week period reserved.

New Hope denies the claims made by the Liquidators and intends to vigorously defend the proceedings. The current position has been considered by New Hope, determining that no provision is required to be made as at 31 July 2022.

These matters are not anticipated to have a material effect on the financial position of the Consolidated Entity.

- 10 During the current reporting period, the Parent Entity purchased additional shares in Pengana Capital Group Limited ("Pengana Capital") for \$0.8 million. Also during the current period Pengana Capital issued shares under Pengana Capital's Employee Share Plan, Non-Executive Directors Plan, and from the conversion of preference shares. This was partly offset by Pengana Capital's share buy-back program being reintroduced during the period. The Group did not participate in the conversion of preference shares or the share buy-back program. The net result of these changes was a decrease of 1.6% in the Group's shareholding in Pengana Capital Group to 37.0%.
- 11 On 17 December 2021, Palla Pharma Limited entered voluntary administration. As a result of this event, the Group has impaired its investment to \$nil. On 9 June 2022, the liquidators made a Declaration of Worthless Shares.
- 12 On 5 October 2021, the Parent Entity acquired Milton Corporation Limited, which had an existing investment in Tuas Limited. The combined shareholding of the Parent Entity and its subsidiary, Milton, after the acquisition was 25.6%. Subsequently post-acquisition, the Parent Entity has sold down its shareholding in Tuas Limited by 0.2% to 25.4%.

10 Interest bearing liabilities

	2022 \$'000	2021 \$'000
Current liabilities		
Secured		
Bank overdraft (WHSP Agriculture Trust) ¹	-	3,085
Equity finance loans (Parent Entity) ²	195,770	289,810
Secured loans (New Hope) ³	-	953
Equipment finance loans (WHSP Agriculture Trust) ¹	1,871	879
	197,641	294,727
Non-current liabilities		
Unsecured		
Convertible notes (Parent Entity) ²	218,247	216,282
Convertible notes (New Hope) ³	-	189,193
Secured		
Market rate loan (WHSP Agriculture Trust) ¹	70,950	33,000
Equipment finance loans (WHSP Agriculture Trust) ¹	3,788	2,329
Secured loans (Ampcontrol) ⁴	14,590	-
Secured loans (New Hope) ³	-	307,101
	307,575	747,905
Total interest bearing liabilities	505,216	1,042,632
Less: cash and cash equivalents	(506,327)	(610,324)
Net (cash)/debt	(1,111)	432,308
Financing facilities	525,595	1,186,460
Less: facilities utilised at reporting date		
Convertible bonds	(218,247)	(405,475)
Equity finance and other loan facilities	(286,969)	(637,157)
Facilities unutilised at reporting date	20,379	143,828

Financing facilities

As at 31 July 2022, the Consolidated Entity had the following financing facilities in place:

1. WHSP Agriculture Holding Trust

The WHSP Agriculture Holding Trust maintains a five year secured loan facility which expires on 30 July 2025. On 25 October 2021, this facility was increased to \$83.2 million from \$40 million. The facility comprises a \$4 million bank overdraft, a \$72 million market rate facility (an increase from \$33 million) and a \$7.2 million asset finance facility (an increase from \$3.3 million).

Security given includes first ranking mortgages over property and specific pieces of agricultural machinery, first ranking mortgages over water entitlements, water leases and General Security Interests.

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 July 2022, WHSP Agriculture Holding Trust utilised:

- \$nil of the bank overdraft facility (31 July 2021: \$3.09 million) at an average interest rate of 4.10% pa (31 July 2021: 2.85% pa). The unutilised facility as at 31 July 2022 was \$4 million (31 July 2021: \$0.92 million).
- \$70.95 million of the market rate loan facility (31 July 2021: \$33 million) at an interest rate of 3.97% pa (31 July 2021: 1.87% pa). The unutilised facility as at 31 July 2022 was \$1.05 million (31 July 2021: \$nil).

10 Interest bearing liabilities (continued)

- \$4.23 million of the asset finance facility (31 July 2021: \$2.33 million) at a weighted average interest rate of 3.72% pa (31 July 2021: 3.10% pa). The unutilised facility as at 31 July 2022 was \$2.92 million (31 July 2021: \$0.97 million).
- \$1.43 million of the agricultural equipment finance facility (31 July 2021: \$0.88 million) at a weighted average interest rate of 1.35% pa (31 July 2021: 0.93% pa). The unutilised facility as at 31 July 2022 was \$nil (31 July 2021: \$nil).

2. Parent Entity

(i) Equity finance facilities

As at 31 July 2022, the Parent Entity had access to secured financial asset finance with a number of financiers.

As security for each of 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.

The tenor for each borrowing under these facilities ranges from 30 days to six months, and the average cost was 2.37% pa (31 July 2021: 0.88% 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.

(ii) Convertible notes

In the prior period, the Parent Entity issued convertible notes with an aggregate principal amount of \$225 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.

3. New Hope

New Hope was deconsolidated from the Group from 29 July 2022 – Refer to Note 1.

In the prior period, the consolidated financial position reflected:

- The utilisation of \$310 million of secured facilities which included a \$600 million drawable amortising facility (amortised to \$450 million) and a \$300 million credit support facility. The secured facilities were provided by a syndicate of Australian and international banks which held a fixed and floating charge over all assets held by New Hope, except for certain excluded subsidiaries.
- Convertible notes issued with an aggregate principal amount of \$200 million at a coupon rate of 2.75% per annum. The liability component of \$189.2 million reflected net proceeds of \$195.2 million, interest of \$0.6 million, less \$6.6 million equity component.

4. Ampcontrol

Ampcontrol joined the Consolidated Group effective 31 May 2022. In June 2022 Ampcontrol entered into a \$40 million syndicated flexible working capital facility. As at 31 July 2022 the facility comprised \$22 million of cash advance facilities, a \$5 million bank overdraft and \$13 million allocated to bank guarantees. The facility is secured by fixed and floating charges over Ampcontrol's assets and subsidiaries and expires on 28 June 2025. As at 31 July 2022 Ampcontrol had utilised \$14.59 million of the cash advance facilities at a weighted average interest rate of 3.22% pa. The unutilised cash and overdraft facilities as at 31 July 2022 were \$12.41 million.

11 Contributed equity

	Group and Parent Entity			
	31 July 2022		31 July 2021	
	No. of shares	\$'000	No. of shares	\$'000
Fully paid ordinary shares	360,967,863	4,686,012	239,395,320	43,232
Convertible notes		3,945		3,945
Treasury shares	245,078	(9,798)		-
		<u>4,680,159</u>		<u>47,177</u>

Ordinary shares

On 5 October 2021, the Scheme of Arrangement (Scheme) between the Company and Milton was implemented. In accordance with the terms of the Scheme, the Company issued 121,470,772 ordinary shares to Milton shareholders as consideration for all remaining shares in Milton not otherwise owned by the Company prior to the acquisition.

On 31 May 2022, the Company issued 101,771 shares under a share sale deed as part consideration for the acquisition of shares in Ampcontrol Limited.

Total number of ordinary shares on issue at the end of the reporting period was 360,967,863 (31 July 2021: 239,395,320).

Convertible notes

On 29 January 2021, the Parent Entity issued convertible notes with an aggregate principal amount of \$225 million. The convertible notes are convertible into fully paid ordinary shares in the Company. The notes will mature on 29 January 2026 unless otherwise redeemed, repurchased, or converted. The fair value of the liability component of the convertible notes was estimated at the issuance date and is carried as a long term liability with the balance of \$3.9 million being reflected as equity.

There has been no movement in the number of these convertible notes since the issue date.

Treasury shares

In conjunction with the acquisition of Milton during the year ended 31 July 2022 (Refer to Note 7), the Parent Entity acquired 263,242 shares under the Milton staff share plan. The number of shares at 31 July 2022 was 245,078.

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

	2022 \$'000	2021 \$'000
Reconciliation of profit after income tax and net cash flow from operations		
Profit after tax for the year from continuing operations	492,443	320,439
Profit after tax for the year from discontinued operations	64,001	-
Adjustments for non-cash items:		
Depreciation and amortisation	220,476	247,036
Amortisation of transaction costs	185	2,076
Gain on loss of control of New Hope	(490,884)	-
Tax benefit on recycled reserves	(17,000)	-
Gain on deemed disposal of equity accounted associates	(20,072)	(7,373)
Gain on disposal of associates	(6,131)	-
Gain on associate reserves recycled back through profit and loss	-	(3,643)
Gain on revaluation of investment property	(51,918)	(3,600)
Loss on sale of investment property	-	873
Net gain on sale of non-current asset	(1,771)	(8,257)
Gain on sale of controlled entity/joint venture	(10,101)	(1,567)
Gain on fair value of biological assets	(22,463)	(11,114)
Loss/(gain) on trading equities fair value through profit or loss	147,133	(80,327)
(Reversal)/provision for expected credit loss allowance	(1,890)	2,667
Impairment expense	1,003,452	17,911
Write off loan and interest to external party	3,684	16,500
Provision for Onerous contract	3,918	16,477
Net foreign exchange (gain)/loss	(3,577)	3,343
Non-cash in-specie dividend	(40,604)	-
Non-cash share based payments	(289)	2,094
Unwinding of interest on deferred purchase consideration	-	905
Share of profits of associates not received as dividends or distributions	(140,826)	(17,794)
Other non-cash items	(486)	37
Changes in operating assets and liabilities, net of effects from purchase and sales of business:		
Increase in trade debtors, other debtors and prepayments	(303,758)	(76,557)
Decrease/(increase) in inventory	32,781	(13,442)
Increase in financial assets held for trading	(140,365)	(67,190)
Increase in trade creditors and accruals	65,670	3,558
(Decrease)/increase in employee entitlements and provisions	(564)	14,160
Increase/(decrease) in current tax asset	(9,266)	16,283
Decrease in deferred tax asset	36,458	55,451
Increase in current tax liability	466,353	56,345
(Decrease)/Increase in deferred tax liability	(82,067)	29,424
Net cash inflow from operating activities	1,192,522	514,715

13 Contingent liabilities

	2022 \$'000	2021 \$'000
Undertakings and guarantees issued by a subsidiary's bankers to the Department of Natural Resources and Mines, Statutory Power Authorities and various other entities	-	21,982
	<u>-</u>	<u>21,982</u>

Certain companies in the Group are recipients of complaints made or are defendants in certain claims and/or proceedings (either commenced or threatened).

In the opinion of the Directors, all such matters are not anticipated to have a material effect on the financial position of the Group or are at a stage which does not support a reasonable evaluation of the likely outcome of the matters.

There are no other material contingent liabilities of the Group as at 31 July 2022.

The Consolidated Entity had unrestricted access at 31 July 2022 to bank guarantee facilities of \$28.0 million (2021: \$335.1 million). At 31 July 2022, the Consolidated Entity had drawn down on these facilities by \$12.3 million (2021: \$125.5 million).

14 Events after the reporting period

Other than the declaration of dividends disclosed in Note 3, no other matter or circumstance has arisen since 31 July 2022 that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.