



ASX Appendix 4D and Half Year Financial Report 31 January 2021

Lodged with the ASX under Listing Rule 4.2A

Appendix 4D

Half Year Report

ASX Listing Rule 4.2A.3

Results for announcement to the market

		Current period January 2021 \$'000	Prior period January 2020 \$'000	Change \$'000
Revenue from continuing operations	down 18.8% to	589,219	725,531	(136,312)
Profit after tax attributable to members	up 35.2% to	68,905	50,979	17,926
Regular profit after tax attributable to members ¹	down 27.7% to	90,237	124,732	(34,495)

Dividends

	Cents per share cents	Franking %
This period		
Interim dividend	26.0	100
Previous corresponding period		
Interim dividend	25.0	100
Record date for determining entitlement to interim dividend:	22 April 2021	
Date the interim dividend is payable:	14 May 2021	

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

Reporting Period

The reporting period for this report is the half year ended 31 January 2021. The previous corresponding period is the half year ended 31 January 2020.

Comments on above results

For a detailed explanation of the half year's operating results, please refer to the Chairman's Review and Review of Group Entities attached. A summary of the results is set out below.

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 section Alternative Performance Measures.

Regular profit after tax attributable to members

The regular profit after tax attributable to shareholders for the half year ended 31 January 2021 was \$90.2 million compared to \$124.7 million for the previous corresponding period.

The decrease in regular profit after tax was mainly attributable to:

- Lower New Hope Corporation contribution due to a reduction in average USD thermal coal prices and lower production levels (as a result of planned maintenance at Bengalla and end of Stage 2 mining at Acland)
- Reduced contribution from the Telecommunications portfolio due to FY2020 derecognition of TPG as an associate (eliminating any profit recognition during the half) and equity accounted share of the start up losses at Tuas Limited
- Increased net interest expense from higher debt levels

Partly offset by:

- Higher investment and trading income
- Increased contribution from Round Oak Minerals given improved production levels at all operations combined with strengthening commodity prices and lower ore concentrate treatment charges
- Brickworks Building Products Australia and Property Division's increased contributions through cost savings and property revaluations respectively, partly offset by a lower contribution from building products North America where the COVID-19 pandemic significantly disrupted operations.

Net profit after tax (including non-regular items) attributable to members

The statutory profit after tax attributable to shareholders was \$68.9 million compared to \$51.0 million the previous corresponding period. The increase in statutory profit after tax of \$17.9 million was largely due to lower impairment charges on investments and mine development assets compared to the same time last year, partly offset by the reduction in regular profit after tax attributable to members described above.

Dividends

Interim dividend increased by 4.0% to 26 cents per share fully franked.

Earnings per share and net tangible assets per share

	Current period 31 Jan 2021 cents	Prior period 31 Jan 2020 cents
Basic Earnings per Share	28.78	21.29
Diluted Earnings per Share ¹	28.78	21.29
From regular profit after tax ² attributable to members	37.69	52.10

	Current period 31 Jan 2021 cents	Prior period 31 Jul 2020 cents
Net tangible assets per share	15.84	16.33
Net asset value per share (pre-tax)	21.90	21.63

Review of operations

For a further explanation of the half year's operating results, please refer to the attached Chairman's Review and Review of Group Entities. This Appendix 4D should be read in conjunction with the Half Year Financial Report for the period ended 31 January 2021 and any public announcements made by WHSP in accordance with the continuous disclosure requirements of the Listing Rules and *Corporations Act 2001*. The Half Year Financial Report has been reviewed by WHSP's auditors.

¹ Diluted EPS is equal to the basic earnings per share as any long-term incentive plan rights that vest in future financial years are expected to be satisfied by purchasing shares on market.

² 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 section Alternative Performance Measures.

Washington H. Soul Pattinson and Company Limited

Half Year Financial Report

31 January 2021

Contents

Chairman's Review	5
Review of Investments and Group Entities	11
Alternative Performance Measures	18
Parent Entity Financial Information	20
Directors' Report	22
Auditor's Independence Declaration	24
Financial Report	
Consolidated Statement of Comprehensive Income	25
Consolidated Statement of Financial Position	27
Consolidated Statement of Changes in Equity	28
Consolidated Statement of Cash Flows	30
Notes to the Consolidated Financial Statements	31
Directors' Declaration	66
Independent Auditor's Review Report to the Members	67

Chairman's Review

Dear Shareholders,

On behalf of the Board of Directors of Washington H. Soul Pattinson and Company Limited (WHSP, Company, Parent Entity) this report is submitted to shareholders and includes the financial report of the Company for the half year ended 31 January 2021.

Key Highlights

Performance for the period (attributable to WHSP shareholders)	January 2021	% Change
Group Regular Profit after tax ¹	\$90.2 million	– 28% ⁴
Group Statutory Profit after tax	\$68.9 million	+35% ⁴

Key Performance Indicators	January 2021	% Change
WHSP net asset value (pre-tax) ²	\$5.2 billion	+1% ⁵
Net cash flow from investments ³	\$85.3 million	– 8% ⁴
2021 interim dividend per share (fully franked)	26 cents	+4% ⁴
Total Dividend growth over 20 years (ordinary dividend compound annual growth rate)	8% p.a.	
Total Shareholder Return over 20 years (to 31 January 2021)	1,189%	

Overview

WHSP's objective is to provide superior returns to our shareholders by creating capital growth along with steadily increasing dividends over the long term. Despite volatile markets, the Company has again increased its dividend and continued to generate solid cash flows from its investments.

Dividends are paid out of the net cash flows from our investments, which fell by 8% on the prior corresponding period. This is a robust performance given the significant reduction in the dividend received from New Hope Corporation and the lower final FY2020 dividends received from a number of companies in our investment portfolio.

Solid cash generation from our diversified investment portfolio continued to support another increase to the interim dividend making WHSP the only company in the All Ordinaries Index to have increased its dividends every year for over 20 years. WHSP is proud of its history of paying dividends every year since listing in 1903.

¹ Group regular profit after tax is a non-statutory profit measure and represents profit from continuing operations before non-regular items. In the current half year, the derecognition of TPG as an Associate means there is no longer an equity accounted regular profit contribution from TPG. In addition, the change in TPG balance date to 31 December changed the timing of TPG dividends. In the current half year, there was no dividend income from TPG recorded in regular profit after tax. A reconciliation to statutory profit is included in Alternative Performance Measures, page 18.

² Refer to page 10 for details of the portfolio valuation.

³ Refer to Alternative Performance Measures on page 18 for the definition of net cash flow from investments.

⁴ Changes on prior corresponding period.

⁵ Change over 6 months ended 31 January 2021.

WHSP also has a strong track record of delivering outperformance over the long-term¹ with its Total Shareholder Returns exceeding the All Ordinaries Accumulation Index over 1, 3, 5, 10, 15 and 20 year periods.

The number of shareholders grew during the period and by the end January 2021 had increased to 29,115 compared with 25,663 the same time last year (up 13%).

During the first half of the 2021 financial year, the COVID-19 pandemic continued to have a significant impact on all businesses. While some of our subsidiaries were impacted to varying degrees, the Company was relatively unaffected. The outlook for the domestic and global economies remains uncertain and volatile. One of WHSP's key advantages to generating returns is its flexible mandate to make long-term investment decisions and adjust the portfolio by changing the 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.

Total Shareholder Returns (TSR) to 31 January 2021

Annualised TSRs	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
WHSP	29.5%	19.3%	13.2%	11.4%	10.5%	13.6%
All Ordinaries Accumulation Index	-0.7%	7.7%	10.5%	7.9%	6.6%	8.1%
Relative Performance ¹	30.2%	11.7%	2.6%	3.5%	3.9%	5.6%

The above table shows the TSRs for WHSP shares for various periods and compares them to the ASX All Ordinaries Accumulation Index, which also includes the reinvestment of dividends. WHSP is focused on long-term growth and has outperformed the index in every period shown above. Over the last 20 years, WHSP has outperformed the market by 5.6%.

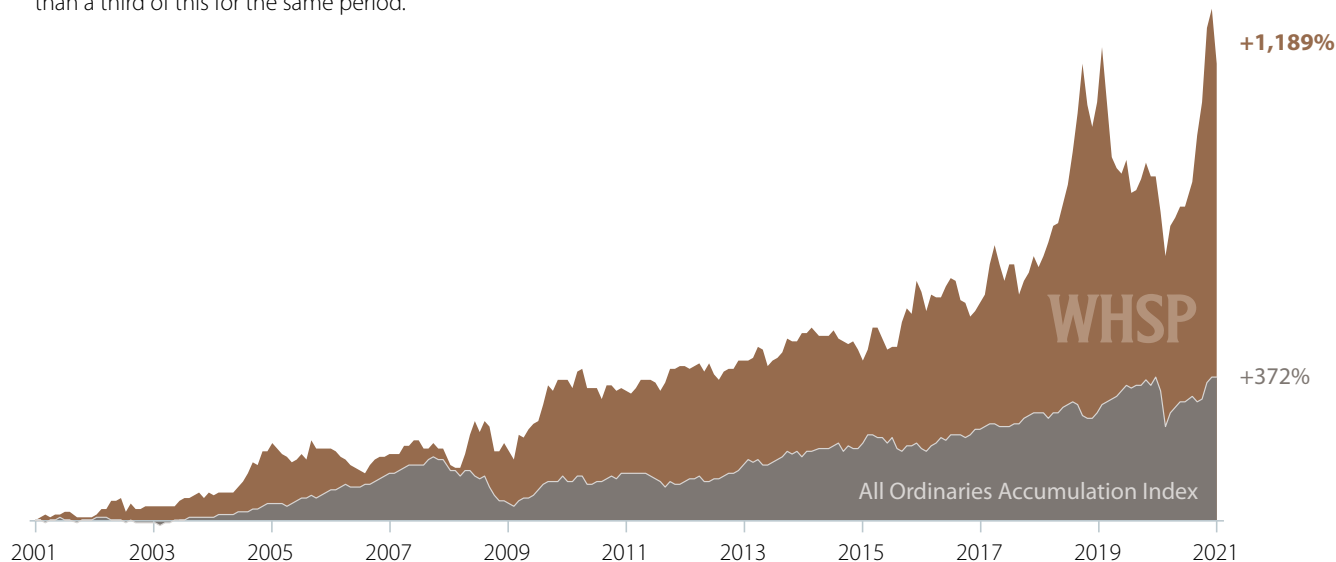
While the Company's share price outperformed the All Ordinaries Accumulation Index, the underlying 12 month change in the net asset value (adjusted for dividends paid) underperformed this Index by 1%.

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

¹ Relative performance compared to the All Ordinaries Accumulation Index.

20 Year Total Shareholder Return

The following chart shows the total return over time of an initial investment made in WHSP shares in February 2001 compared to the ASX All Ordinaries Accumulation Index. An investment in WHSP has grown by over 11 times over the last 20 years while an investment in the index has increased by less than a third of this for the same period.



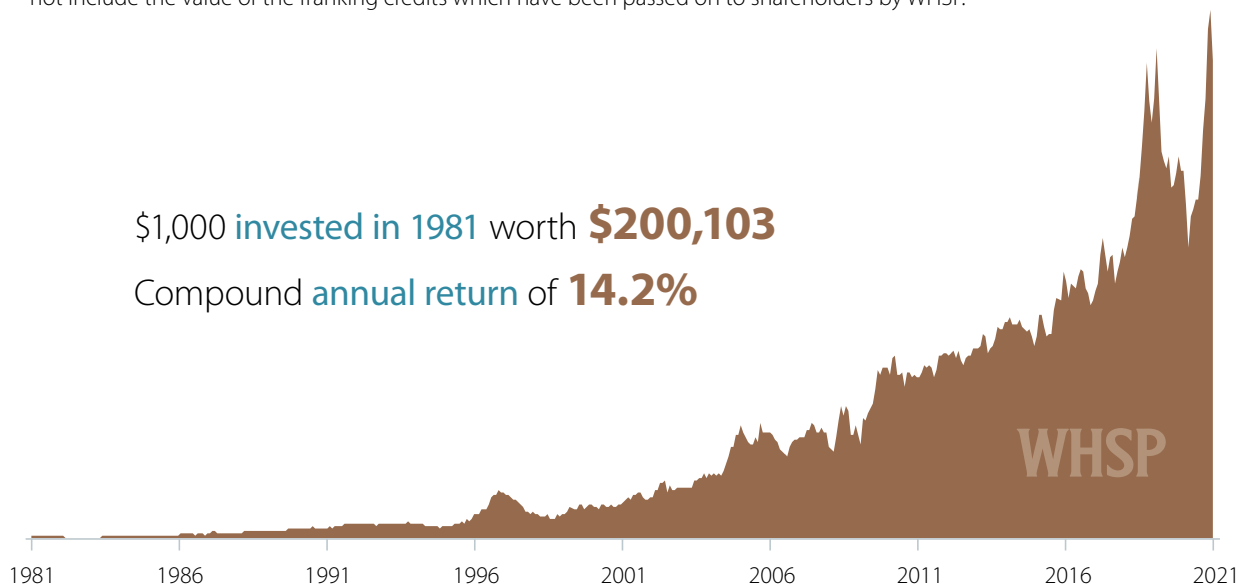
Includes the reinvestment of dividends

40 Year Total Shareholder Return

This performance has been maintained for a long period of time. If a shareholder had invested \$1,000 in 1981 and reinvested all dividends, the shareholding would have appreciated to over \$200,103 as at 31 January 2021. This equates to a compound annual growth rate of 14.2% 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.

\$1,000 invested in 1981 worth **\$200,103**

Compound annual return of **14.2%**



Includes the reinvestment of dividends

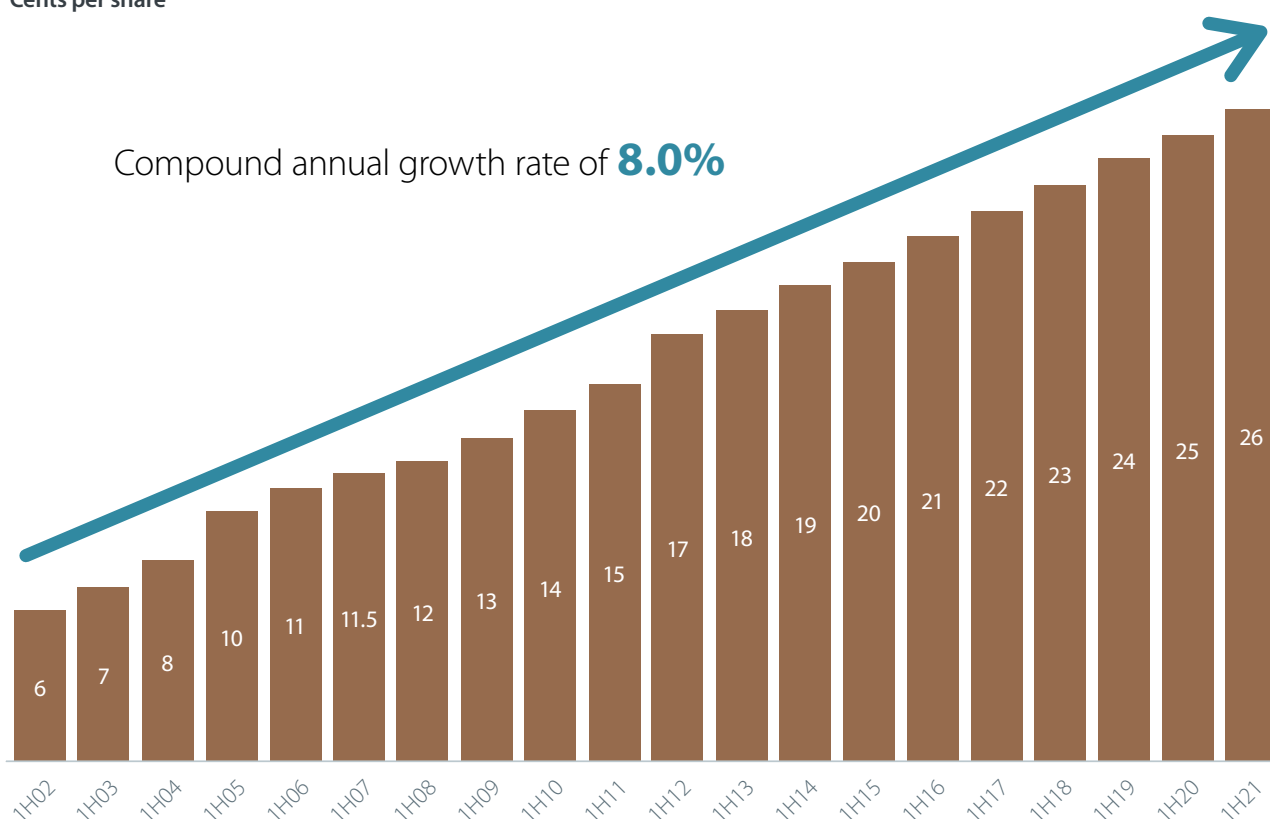
Dividends

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 flow from investments¹. These cash flows include dividends and distributions from its investments, interest income and gains on property assets.

The net cash inflow from investments¹ for the first half was \$85.3 million, down 8% compared to the first half of the 2020 financial year. This decrease was mainly due to lower dividends from New Hope Corporation that were partly offset by an allocation of the TPG special dividend received following the merger with Vodafone.

20 Year interim dividend history

Cents per share



Interim dividend

The Directors have resolved to pay a fully franked interim dividend of 26 cents per share in respect of the period ended 31 January 2021 (2020: 25 cents fully franked).

The record date for the interim dividend will be 22 April 2021 with payment due on 14 May 2021. The last day to purchase shares and be eligible for the final dividend is 20 April 2021.

In the first half of the 2021 financial year, WHSP will pay out as dividends 73% of its net cash flow from investments¹ (2020: 65%).

¹ Refer to Alternative Performance Measures on page 18 for the definition of net cash flow from investments.

Consolidated financial performance and portfolio Net Asset Value

Regular profit after tax attributable to members

The regular profit after tax¹ attributable to shareholders for the period ended 31 January 2021 was \$90.2 million compared to \$124.7 million for the previous corresponding period.

The decrease in regular profit after tax was mainly attributable to the following:

	\$m	% Change
New Hope contribution lower due to USD thermal coal prices and lower production levels	(42.8)	not calculated
Reduced contribution from Telecommunications portfolio due to FY2020 derecognition of TPG as an associate and start up losses at Tuas Limited	(42.4)	not calculated
Brickworks building products Australia and property divisions increased their contributions through cost savings and property revaluations respectively, partly offset by a lower contribution from building products North America where the COVID-19 pandemic significantly disrupted operations	1.8	7%
Higher investment and trading income offset by increased net interest expense	(1.2)	- 2%
Round Oak Minerals contribution was higher due to improved production levels at all operations combined with strengthening commodity prices and lower ore treatment charges	50.1	not calculated
Total	(34.5)	- 28%

WHSP does not consider its earnings to be the key indicator of the Company's performance. As with any investment portfolio, the key drivers of success are growth in the capital value of the portfolio and growing dividends.

Net profit after tax (including non-regular items) attributable to members

The statutory profit after tax attributable to shareholders was \$68.9 million compared to \$51.0 million for the same time last year. The increase in statutory profit after tax of \$17.9 million was largely due to lower impairment charges from New Hope and a reversal of prior period impairment charges booked on associate investments, partially offset by the reduction in regular profit after tax as shown in the table above.

A comparison with the previous corresponding period is as follows:

	January 2021 \$'000	January 2020 \$'000	Change %
Regular Profit after tax¹ attributable to shareholders	90,237	124,732	-28%
Statutory Profit after tax attributable to shareholders	68,905	50,979	35%
Final Dividend (paid 14 December 2020)	35 cents	34 cents	3%
Interim Dividend (to be paid 14 May 2021)	26 cents	25 cents	4%
Total Dividends (last 12 months)	61 cents	59 cents	3%

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 on page 18.

Net Asset Value of WHSP

As at 31 January 2021	Value of WHSP's Holding	6 month Movement	
	\$m	\$m	%
Telecommunications Portfolio ¹	1,822	(145)	–7.4%
Brickworks ¹	1,222	150	14.0%
New Hope ¹	492	(53)	–9.7%
Financial Services Portfolio ^{1,2}	364	53	17.0%
Pharmaceutical Portfolio ¹	292	7	2.5%
Round Oak Minerals ²	146	(15)	–9.3%
Equities Portfolio ²	595	84	16.4%
Private Equity Portfolio ²	278	6	2.2%
Property Portfolio ²	89	(1)	–1.1%
Cash and other net assets (excluding debt)	404	(7)	–1.7%
Less debt ³	(460)	(14)	–3.1%
Net asset value (pre-tax)^{4,5}	5,244	65	1.3%

The net asset value of WHSP is summarised in the above table. The pre-tax value as at 31 January 2021 was \$5.2 billion, up 1.3% compared to 31 July 2020.

Significant investments and divestments in the portfolio over the first half of the 2021 financial year were as follows:

- In December 2020, the investment in New Hope was sold down from 49.98% to 43.94% realising proceeds of \$70.0 million.
- New investments included a net increase in the corporate loan book of \$58.3 million.

¹ At market value

² At cost or Directors' valuation

³ Refer to note 11 for details regarding debt

⁴ The tax payable of approximately \$970 million if all assets had been sold at NAV as at 31 January 2021.

⁵ Net asset value (pre-tax) is calculated as follows: 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 market value, cost or Directors' valuation

Review of Investments and Group Entities as at 31 January 2021

Telecommunications Portfolio

Background

The Telecommunications Portfolio is made up of TPG Telecom Limited (ASX:TPG) and Tuas Limited (ASX:TUA).

On 29 June 2020 TPG Telecom Limited (ASX: TPM) shareholders approved a merger with Vodafone Hutchison Australia Limited (Vodafone) to form TPG Telecom Limited (ASX: TPG) via a scheme of arrangement. The merger completed on 29 June 2020 and TPG changed its balance date to 31 December.

Prior to the merger occurring, TPG paid a special dividend of 51.6 cents per share which resulted in WHSP receiving a fully franked dividend of \$120.9 million.

From 29 June 2020, WHSP held 12.61% of TPG (previously 25.3% of TPM) and therefore ceased to equity account the profits of TPG as WHSP no longer had significant influence over TPG.

In the 2020 financial year, TPG also demerged its Singapore mobile business to shareholders via a non-cash in-specie dividend. That business was renamed Tuas Limited. WHSP holds a 25.3% interest in Tuas which is in the process of rolling out mobile infrastructure in Singapore. Tuas is an equity accounted associate and the market value of WHSP's holding at 31 January 2021 was \$87 million.

Treatment of the TPG special dividend

While a special dividend of \$120.9 million was received in FY2020, the WHSP Board has allocated the special dividend notionally across the FY2020 and FY2021 years to more accurately represent normal dividend payments from TPG. In FY2018, the TPG dividend was cut to preserve cash for the proposed mobile network rollout. TPG abandoned its proposed mobile network and once the merger was agreed was able to return cash to its shareholders. Of the total dividend, an amount of \$92.4 million was allocated to FY2020 as a "catch-up" on the previous three years of depressed dividends. The remaining \$28.5 million was allocated to FY2021 to account for the fact that the merged TPG changed its year end and announced it would not be paying a dividend in the second half of calendar year 2020.

Performance

TPG announced its full year 2020 results in February 2021. In the first six months of trading as a merged entity it generated net cash flows of \$342 million and declared a dividend of 7.5 cents to be paid in April 2021.

On a pro-forma basis (assuming the merger took place on 1 January 2019) TPG net profit after tax was estimated at \$282 million and free cash flow at \$687 million.

Contribution to WHSP

The value of WHSP's telecommunications interests (TPG and TUA) decreased by 7% to \$1,822 million over the 6 months to 31 January 2021.

No dividend income was recorded as revenue in the first half of the 2021 financial year due to the change in the TPG balance date. TPG did not contribute to the Group's net profit after tax for the half year (2020: \$39.9 million) as WHSP ceased to equity account the profits of TPG from 29 June 2020.

Tuas is in a start-up phase and made an equity accounted loss for the half year.

Outlook

The merger of TPG and Vodafone has created a strong competitor in the Australian telecommunications sector with good opportunities for growth. TPG's strong broadband business and fibre infrastructure is highly complementary with Vodafone's mobile infrastructure and customer base.

The merged entity will be able to offer bundled services across better network infrastructure and achieve synergies through reduction of duplicate costs. It is targeting \$70 million in cost synergies in calendar 2021 and is on track to begin offering its customers 5G services in the first half of calendar 2021.

The stronger competitive position of the merged entity should enable it to robustly respond to the challenges of COVID-19 continuing to negatively impact international roaming and international visitor revenue, along with margin erosion from the NBN and introduction of the Regional Broadband Scheme levy.

Tuas owns the TPG Singapore business which operates a low-cost mobile network in Singapore. As a new entrant in the market, TPG Singapore is growing its customer base with products that deliver good value relative to incumbent service providers. The TPG Singapore network is new and therefore does not have legacy networks or systems to support. TPG Singapore is well placed to provide modern network technology (such as 5G) at competitive prices. Tuas expects the TPG Singapore business will be EBITDA breakeven once it has around a 5% market share of the Singapore mobile market (around 500,000 subscribers). As of early September 2020, TPG Singapore had around 133,000 paid active subscribers.

Brickworks Limited

Performance

Brickworks delivered a strong financial result for the half year ended 31 January 2021 with statutory net profit after tax (NPAT) of \$71 million, up 22% on the prior year.

After excluding discontinued operations and the impact of significant items, the underlying NPAT of Brickworks was \$90 million, down 10% from the previous corresponding period.

The directors of Brickworks have declared a fully franked interim dividend of 21 cents per share for the year ended 31 January 2021, up 5.0% from 20 cents in the previous corresponding period.

Building Products Australia

Despite lower revenue, operational performance across all divisions improved significantly due to cost control. Demand was subdued early in the half, steadily increasing as consumer confidence rebounded and supported by government stimulus.

A major capital investment program totalling \$205 million is underway including a new \$130 million brick plant and a \$75 million masonry plant, in Sydney. This capital investment will further improve the competitive positioning of Brickworks.

Building Products North America

The COVID-19 pandemic has had a significant impact on building activity across the United States. The total value of building activity over the six months to December 2020 was down 10% compared to the same time last year.

Significant plant rationalisation has taken place, with the closure of six manufacturing plants. The remaining network of 10 plants now comprises more efficient, modern plants and also offers production flexibility, which has long been an important competitive advantage in Brickworks' Australian operations. This flexibility is critical to meet market cycles and fluctuations in demand.

In just over two years Brickworks has built a brick business with significant scale and a leading market position in the North East of the United States. Whilst the COVID-19 pandemic has had a short-term impact, the North American operations provide additional diversification and strong prospects for growth over the long-term.

Property

The property division delivered EBIT growth of 3% over the previous corresponding period from revaluations and property sales. A further 25 to 50 basis points compression in capitalisation rates provided revaluation profits. Coles and Amazon lease agreements became unconditional, generating income from property sales.

As at 31 January 2021, the total value of leased assets held within the Property Trust was \$1,749 million. The annualised gross rent generated from the Property Trust is \$88 million, the weighted average lease expiry is 5.1 years and the average capitalisation rate is 4.8%. There are currently no vacancies in the portfolio.

Brickworks has a long pipeline of land available for development in Western Sydney and is poised to benefit from these industry trends over the years to come.

Contribution to WHSP

Brickworks contributed \$28.4 million to the WHSP Group regular profit after tax for the half year (2020: \$26.6 million).

This contribution excludes the WHSP profit taken up by Brickworks under the equity accounting method.

Brickworks contributed \$24.4 million to the WHSP Group net profit after tax for the half year (2020: \$35.5 million). The reduction in contribution was largely due to restructuring costs and unabsorbed fixed costs relating to COVID-19 in North America.

Outlook

Building Products Australia

Within Building Products Australia, detached house building approvals across the country have surged in recent months, with December 2020 quarter approvals for Australia being the highest on record. This is being driven by a range of factors including low interest rates, an increase in household savings and a range of government stimulus measures in response to the COVID-19 pandemic. In contrast, the level of activity in medium and high-rise developments continues to decrease.

The ongoing completion of major projects and upgrade works will support earnings over the medium and longer term. The new Austral Masonry plant at Oakdale East is expected to be completed in the second half, delivering lower unit costs and a significantly wider product range.

Building Products North America

In North America, supportive government policy and low interest rates is driving a strong increase in single family residential approvals across the United States. However, the non-residential building segment is expected to remain relatively subdued in the second half. Price rises above inflation have been implemented in February 2021.

Since the start of the second half and coinciding with the roll-out of the vaccine, the number of COVID-19 cases amongst employees and the disruption to operations has reduced significantly. However, severe winter conditions across the northern regions of the United States had an adverse impact on sales volume and operations throughout February 2021.

Over the long term, the North American operations are expected to deliver improved earnings and growth by implementing its proven market strategy focussed on style and premium product positioning.

Property

Activity within the Property Trust remains strong, with the completion of developments at Oakdale (NSW) and Rochedale (QLD) to drive growth in rent and asset value over the next few years. The Amazon facility is expected to be completed in September 2021, followed by the Coles facility in July 2022.

Brickworks' portfolio of well-located industrial facilities close to consumers is increasing in value, as each property is now a key component in the supply chain solution of its tenants.

The COVID-19 pandemic has only accelerated the trends towards online shopping, and as a result, demand for prime industrial assets is expected to increase further.

New Hope Corporation Limited

New Hope has weathered many coal price cycles in its long history, but never one driven by such a unique set of circumstances; a pandemic and increasing tension with Australia's major trading partner.

Performance

For the first half of the 2021 financial year, New Hope generated earnings before interest, tax and depreciation (EBITDA) of \$81.2 million compared with \$212.6 million in the previous corresponding period. The reduction in profit arose from lower realised coal prices (down 16%) and coal sales (down 24%). The decrease in coal sales arose from the mid-life dragline shutdown at the Bengalla mine (80% owned by New Hope) and the ramp down at Acland following the absence of New Acland Stage 3 project approvals.

In response to these changes, a significant cost reduction program was implemented.

The Bengalla mine has returned to full operation and is expected to deliver production of 10.0 million tonnes for the 2021 financial year. At the net profit level, New Hope recorded a profit before tax and non-regular items of \$0.9 million (2020: \$123.5 million) over the first half. After non-regular items, New Hope reported a net loss after tax of \$55.4 million (2020: a profit \$69.8 million). Non-regular items for the half year included the cost of redundancies across the Queensland operations and corporate office, a provision for an onerous contract liability attached to New Acland and an impairment in the value of the New Acland Stage 3 project.

Despite lower profits New Hope generated a cash operating surplus of \$70.2 million (before interest and tax).

Contribution to WHSP

New Hope contributed \$0.3 million to the Group's regular profit after tax for the year (2020: \$43.2 million).

New Hope contributed a loss after tax of \$26.7 million to the Group's net profit after tax (2020: a profit of \$34.9 million).

New Hope declared an interim dividend of 4.0 cents per share (2020: 6.0 cents per share). This dividend is fully franked and payable in May 2021.

New Acland Stage 3 Development

The High Court of Australia upheld an appeal by Oakey Coal Action Alliance Inc (OCAA) against New Acland Coal Pty Ltd (NAC) in relation to the Queensland Court of Appeal's decision on final orders which was handed down on 1 November 2019.

OCAA's appeal to the High Court concerned technical matters of procedure relating to findings of apprehended bias against NAC which resulted in the High Court ordering that NAC's mining lease applications and environmental authority application be remitted to the Queensland Land Court for reconsideration. The date for the Land Court hearing is 3 November 2021.

New Hope continues to progress the approvals process and remains committed to the project.

Outlook

New Hope commenced the second half of the 2021 financial year with strengthening coal prices and an expected improvement in underlying profit whilst still facing continued uncertainty around the future of the Queensland Acland operations. New Acland operations will continue to wind down production volumes in the calendar year ahead with production constrained to mining remnant coal from Stage 2 operations in the absence of receiving Stage 3 approvals.

New Hope remains focused on securing all necessary approvals for New Acland Stage 3 but a period of discontinued operations is likely as last coal at the mine draws near. This will impact employment for the remaining workforce and contractors, along with Queensland Bulk Handling and the broader community who rely on the operation.

Coal market fundamentals have recently improved after a challenging start to the year. The short-term outlook for thermal coal demand is dependent on post pandemic economic and industrial recovery in the Asian region. The mid to long-term outlook remains healthy as the need for industrial and domestic electricity generation remains strong based on growth in Asia, New Hopes' key export market.

Since the end of the first half, coal prices have continued to firm with the benchmark Newcastle Index trading above US\$90 per tonne, up from lows of US\$50 in the middle of 2020.

Financial Services Portfolio

The assets in the Financial Services Portfolio include investments in funds management, corporate advisory and Listed Investment Companies (LICs). This portfolio provides WHSP with exposure to both Australian and international equities.

The values of the listed investments in the portfolio improved with market conditions and none of the unlisted investments were revalued or written down during the half year. The total value of the portfolio continues to be well above its cost base.

Contribution to WHSP

WHSP received dividends of \$10.6 million from the Financial Services Portfolio during the half year (2020: \$12.2 million).

The Financial Services Portfolio contributed \$5.8 million to the Group's regular profit after tax for the year (2020: \$10.2 million).

As at 31 January 2021	WHSP's Holding %
BKI Investment Company Limited (ASX: BKI)	8.5%
Contact Asset Management Pty Limited	20.0%
Ironbark Asset Management	30.5%
Milton Corporation Limited (ASX: MLT)	3.3%
Pengana Capital Group Limited (ASX: PCG)	38.7%
Pengana International Equities Limited (ASX: PIA)	9.6%
Pitt Capital Partners Limited	100%
360 Capital Total Return Fund (ASX: TOT)	6.5%

Pharmaceutical Portfolio

The Pharmaceutical Portfolio is made up of Australian Pharmaceutical Industries Limited (API), Palla Pharma Limited and Apex Healthcare Berhad. API and Palla Pharma are listed on the ASX and Apex Healthcare is listed on the Main Board of Bursa Malaysia.

Contribution to WHSP

WHSP received dividends of \$2.6 million from the Pharmaceutical Portfolio during the half year, down from \$4.7 million in the previous corresponding period, largely due to the impact of COVID-19.

WHSP has equity accounted the Apex and Palla results for the half year. The investment in API was derecognised for equity accounting on 1 August 2020 with the investment now held at fair market value and consequently API contributed no equity accounted profit to WHSP during the half (2020: \$5.9 million).

The Pharmaceutical Portfolio contributed \$2.4 million to the Group's regular profit after tax for the half year (2020 \$5.9 million).

As at 31 January 2021	WHSP's Holding %
Australian Pharmaceutical Industries Limited (ASX: API)	19.3%
Apex Healthcare Berhad (Bursa Malaysia code: APEX MK)	29.9%
Palla Pharma Limited (ASX: PAL)	19.9%

Round Oak Minerals Pty. Limited

Round Oak is a mining and exploration company focused primarily on the production of copper, zinc and gold. Round Oak has several operating assets throughout Australia as well as projects under development.

Queensland operations

The Mt Colin underground copper mine production and development advance targets were met for the half year. During this time almost 235,000t of ore was processed producing approximately 17,700t of concentrate containing 4,517t of copper, 1,847 ounces of gold and 4,803 ounces of silver. Significant focus was placed on underground resource development drilling in the first half, increasing resource confidence and identifying additional ore both along strike and below previously identified mineralisation, extending the current mine life to the end 2023. The resource remains open at depth with additional drilling to potentially extend the mine life further planned for calendar 2021.

The Barbara open pit copper mine completed mining in December 2020 with the remaining stockpiled ore to be crushed and processed in the second half of the 2021 financial year. Approximately 300,000t were processed in the first half, producing 19,800t of concentrate containing 5,235t of copper, 28,480 ounces of silver, and 1,060 ounces of gold. Studies continue into the potential to extend the mine life via the development of an underground mine below the south pit.

Western Australian operations

Production from the Bentley underground mine was deliberately reduced from 30,000t per month to 20,000 tonnes per month over the first half as underground resources were redirected to development of the Pegasus lens (discovered in 2019) as a second mining front. In the second half of the 2021 financial year, production levels are expected to increase to a monthly target of 40,000 tonnes combining the Pegasus lens and high grade Bentayga lens.

Approximately 161,000t of ore was processed, producing 7,850t of copper concentrate and 29,516t of zinc concentrate, containing 1,707t of copper, 14,047t of zinc, 2,342 ounces of gold and 732,000 ounces of silver. Processing plant improvements in the first half resulted in increased copper and silver recoveries, as well as increased zinc concentrate grades, both contributing to higher net revenue from the mine.

Two new lenses, Spectre and Turbo, were discovered at Bentley in mid-2020, with both having the potential to extend the life of the mine beyond its current three-year mine life. Underground resource development drilling will target these lenses in the second half of the 2021 financial year.

Victorian development assets

All primary approvals and permits for the Stockman copper-zinc project in north-east Victoria are in place, including the Mine Work Plan. During the first half, the associated Management Plans were developed, and baseline environmental data was collected.

A Definition Phase Study will commence in the second half of the year, with the aim to optimise key elements of the project, further enhancing project economics, leading to a decision to commence construction.

Exploration

Exploration activities in the first half focussed on the Jaguar tenements in Western Australia. Brownfields exploration undertaken was aimed at identifying additional near-mine base metals resources, predominantly underground at the Bentley mine. Greenfields exploration covered the testing of base metals and gold targets further from the current mining operations at Jaguar. Early results have been encouraging and these programmes will continue over calendar 2021.

Exploration activities in North-west Queensland continued, investigating a number of prospective targets for additional copper resources, the most prospective of these being extensions to the Mt Colin resource at depth.

Exploration activity at Stockman is focussed on the identification of targets with potential to increase mineral inventories beyond the current ten years of Ore Reserves.

Contribution to WHSP

Round Oak contributed a regular after-tax profit of \$12.8 million to the Group's result for the half year (2020: \$37.3 million loss). Revenue was up 95% to \$145.9 million largely driven by higher sales volumes, strengthened commodity prices and improved zinc smelter treatment changes.

WHSP continues to review its strategic options for these assets.

Outlook

Zinc and copper prices have recovered since the bottom of the market in March 2020. In the last 12 months, copper prices have recovered 73% and since has increased 48% in USD terms. Operations at Round Oak's three major assets, Mount Colin, Barbara and Jaguar are proceeding to plan, and the recovery in commodity prices is well timed given expected sales over the course of the next 12 to 18 months.

Exploration activities are focused on targets to increase the life of the current mining operations. Early results have been encouraging and these programmes will continue into the second half of the 2021 financial year.

Equities portfolios

WHSP manages a diverse portfolio of Australian equities which are divided into a Large Caps portfolio and a Small Caps portfolio. Each portfolio is separately managed with different objectives.

Large Caps Portfolio

The WHSP Large Caps portfolio is externally managed by Contact Asset Management, with the aim of providing long-term capital preservation and an attractive income stream through investment in a diversified Australian equities portfolio. The strategy aims to deliver capital growth and a yield that exceeds the market through the cycle.

As at 31 January 2021, the WHSP Large Caps portfolio was valued at \$288 million. The portfolio, comprising 21 companies, is currently providing a grossed-up annual dividend yield of 4.4%. Cash generated from dividends/distributions from securities within the portfolio is paid directly to WHSP.

Small Caps Portfolio

WHSP's Small Caps portfolio is our allocation to earlier stage, higher growth companies. The portfolio aims to find companies which can grow into a bigger part of WHSP's portfolio over time. There is also an allocation to opportunistic trades in small cap securities listed on the ASX and pre-IPO positions.

As at 31 January 2021, the WHSP Small Caps portfolio was valued at \$320 million, a net increase of \$57 million over the balance as at 31 January 2020.

Private Equity Portfolio

The carrying value of the Private Equity Portfolio increased by \$40.0 million to \$279 million over the during the year ended 31 January 2021. This increase was principally due to new investments in the agricultural sector.

As at 31 January 2021	WHSP's Holding %
Ampcontrol Pty Limited	42.9%
Aquatic Achievers	100%
Dimeo Cleaning Services	16.0%
Seven Miles Coffee Roasters Pty Limited	40.0%
WHSP Agricultural Investments	various

During the half year the portfolio was relatively unaffected by COVID-19 with the exception of Aquatic Achievers which was impacted by operating restrictions at its swim schools. Following the lifting of these restrictions, Aquatic Achievers is again fully operational.

Infrastructure and resources demand has continued to benefit Ampcontrol, and Dimeo has seen improved revenues from increased demand for commercial cleaning.

Property

In late January 2021 the sale of WHSP's interest in a shopping centre at Penrith settled and outstanding bank debt was repaid.

Contribution to WHSP

The Property Portfolio contributed \$2.9 million to the Group's regular profit after tax for the half year (2020: \$7.4 million).

Alternative Performance Measures

The Consolidated Entity presents certain Alternative Performance Measures (APM's), including regular and non-regular profit after tax, Net cash flows from investments and net asset value, which are reconciled to directly comparable International Financial Reporting Standards ("IFRS") financial measures on pages 10 and 23 respectively in this half year financial report. These APMs are used by management to assess the performance of the business and may therefore be useful to investors. They are not a substitute for the IFRS measures and should be considered supplementary to those measures.

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 from continuing operations 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 half year ended 31 January 2021 was impacted by a change to the way that WHSP accounts for its investment in TPG and API. Both investments have been derecognised as Associates and therefore no longer contribute equity accounted profit to the Group regular profit after tax. Instead WHSP records dividend income. Both investments are held at their fair market value on the Consolidated Entity statement of financial position.

Regular profit after tax attributable to members is the main measure of profitability used by the Consolidated Entity.

Net cash flows from investments

Net cash flows from investments are after Parent Entity corporate costs and exclude the effects of non-regular cash inflows and outflows to demonstrate the underlying cash flows generated by the Parent Entity's investment portfolio. The Board of the Consolidated Entity determines dividends having regard to net cash flows from investments.

Net Asset Value ("NAV")

The Parent Entity is a long-term investor. Net asset value (pre-tax) is the value of all of the Parent Entity's assets less all of its liabilities except for tax payable upon the sale of assets. Assets are valued at market value, cost or Directors' valuation as shown in the NAV statement. The NAV post-tax assumes the Parent Entity disposed of its assets and incurred a capital gains tax liability based on the market values or Directors' valuations from the sale.

Reconciliation between consolidated regular profit after tax and IFRS profit after tax

A reconciliation between consolidated regular profit after tax attributable to members (an alternative performance measure) and profit after tax attributable to members (an IFRS financial reporting measure) 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 year. Transactions between business segments are on an arm's length basis in a manner similar to transactions with third parties.

	31 Jan 2021 \$'000	31 Jan 2020 \$'000
Regular profit/(loss) after tax attributable to members		
TPG Telecom Limited	–	39,888
Brickworks Limited	28,417	26,594
New Hope Corporation Limited	367	43,174
Round Oak Minerals Pty Limited	12,823	(37,320)
Other investing activities	55,248	59,773
Intersegment/unallocated ¹	(6,618)	(7,377)
Regular profit after tax attributable to members	90,237	124,732
Non-regular items after tax		
Share of non-regular items from equity accounted associates	(6,656)	(8,094)
Gain on deemed disposal of equity accounted associates	5,161	5,225
Gain on derecognition of an associate's reserves	2,550	–
Deferred tax benefit/(expense) recognised on equity accounted associates	(12,372)	6,058
Reversal/(impairment) expense on equity accounted associates	27,714	(12,310)
Impairment expense on property, plant and equipment (including mine development)	(13,569)	(37,559)
Impairment expense on exploration and evaluation assets	(842)	(12,265)
Impairment expense on oil producing and exploration assets	–	(1,052)
Impairment expense on other assets	(849)	(4,154)
Acquisition costs expensed	(60)	(1,168)
Debt waiver consent fees	(374)	–
Expected credit losses allowance	(959)	–
Liquidation related costs	(401)	–
Reversal of New Acland ramp down costs – New Hope	3,840	–
Onerous contract and other expenses	(12,564)	1,167
Redundancies	(3,416)	(2,131)
Rehabilitation costs	–	(7,342)
Reversal of Mine development amortisation	4,857	–
Write off of loan and interest to external party	(11,550)	–
Other items	(1,842)	(128)
Total non-regular profit/(loss) after tax attributable to members	(21,332)	(73,753)
Profit after tax attributable to members	68,905	50,979
Less: (loss)/profit attributable to non-controlling interests	(29,048)	34,949
Profit after tax	39,857	85,928

¹ Intersegment/unallocated represents Parent Entity corporate costs that are not allocated to individual segments.

Parent Entity Financial Information

Source of shareholder dividends

Regular profit after tax is a measure of the Parent entity's 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's measurement of segment results. This is a non-statutory measure and a reconciliation to the Parent Entity's profit after tax is provided. 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.

ACCOUNTING POLICIES

Parent Entity

The statement of financial position, profit after tax and total comprehensive income for the Parent Entity, 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 Parent Entity, investments in subsidiaries and associates are carried at the lower of cost or impaired cost. Dividends from these entities are recognised as income within profit. This approach reflects Parent entity's activities as an investor.

The consolidated financial statements recognises the individual assets, liabilities, income and expenses of controlled entities. Associates are equity accounted, with the initial investment 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.

* Accounting for TPG special dividend

On the 29 June 2020, a special dividend of \$120 million was paid by TPG as a result of the TPG/Vodafone merger. Included in the special dividend was \$28.53 million relating to a final FY20 dividend for old TPG usually paid in November 2020. Since 31 January 2021, TPG declared a dividend to be paid 14 April 2021.

Statement of Financial Position

	As at 31 Jan 2021 \$'000
Current assets	
Cash and term deposits	204,723
Assets held for sale	53
Financial assets held for trading	384,982
Derivative financial instruments	898
Other current assets	33,422
Total current assets	624,078
Non-current assets	
Long term equity investments – measured at market value	2,381,579
Long term equity investments – measured at fair value	74,947
Other financial assets	
Listed controlled and associated entities – measured at the lower of cost or impaired value	251,602
Unlisted entities – measured at the lower of cost or impaired value	506,095
Other non-current assets	239,706
Total non-current assets	3,453,929
Total assets	4,078,007
Current liabilities	
Interest bearing liabilities	235,182
Other current liabilities	26,247
Total current liabilities	261,429
Non-current liabilities	
Interest bearing liabilities	215,455
Other non-current liabilities	555,570
Total non-current liabilities	771,025
Total liabilities	1,032,454
Net assets	3,045,553
Equity	
Share capital	48,866
Reserves	(47,471)
Retained profits	3,044,158
Total equity	3,045,553

Income Statement

	HY 2021 \$'000
Profit after tax	124,104
Less: Non-regular items after tax	
Gain on sale of partial shareholding in a controlled entity	(48,926)
Expected credit loss allowance	959
Write off of loan to external party	11,550
Net impairment expense on investments	328
Net impairment (reversal) on associates	(8,089)
Other	3,247
Regular profit after tax	83,173
Other comprehensive income	
Net movement in the fair value of the listed investment portfolio	(83,140)

Regular Profit after Tax and Regular Operating Cash Flows

Half Year
2021

For the half year ended 31 January 2021

\$'000

Interest income (from cash and loans)

5,607

Dividend and distribution income

TPG Telecom Limited	–
Milton Corporation Limited	1,888
BKI Investment Company Limited	2,072
Commonwealth Bank of Australia	638
Clover Corporation Limited	843
Woolworths Limited	427
Pengana International Equities Limited	914
Bailador Technology Investments Limited	–
Macquarie Group Limited	289
Wesfarmers Limited	476
Novonix Limited	–
Lindsay Australia Limited	278
Other listed entities	8,395

Brickworks Limited	25,602
New Hope Corporation Limited	–
Apex Healthcare Berhad	792
Tuas Limited	–
Pengana Capital Group Limited	1,593
Other controlled and associates	8,504

Total dividend and distribution income

52,711

Other revenue

5,484

Realised and fair value (losses)/gains on equities

46,860

Other expenses

(9,381)

Finance costs

(2,859)

Regular profit before tax

98,422

Income tax (expense)

(15,249)

Regular profit after tax

83,173

Add back the following:

TPG Final dividend escrowed *

28,530

Non-cash fair value (gains) /loss on equities

(42,133)

Net movements in working capital and tax

15,735

Net cash flow from investments

85,305

The Board declares dividends having regard to net cash flow from investments. The following information has been provided to demonstrate the underlying value of the Parent Entity's investments and regular profit and the cash flows generated by these investments.

Dividends paid/payable

– Interim of 26 cents per share paid 11 May 2021

62,243

Total dividends paid/payable

62,243

Payout ratio

Dividends as a percentage of net cash flow from investments

72.97%

Market value of listed entities as at 31 January 2021 (based on ASX closing prices 31 January 2021)

\$'000

Long term equity investments

TPG Telecom Limited	1,734,531
Milton Corporation Limited	107,304
BKI Investment Company Limited	97,976
Commonwealth Bank of Australia	54,374
Clover Corporation Limited	50,135
Woolworths Limited	36,361
Pengana International Equities Limited	30,463
Bailador Technology Investments Limited	28,629
Macquarie Group Limited	28,615
Wesfarmers Limited	27,376
Novonix Limited	25,629
Lindsay Australia Limited	19,434
Other listed entities	140,752

Market value of long term equity investments

2,381,579

Market value of financial assets held for trading

384,982

Listed controlled and associated entities

Holding

\$'000

Brickworks Limited	43.3%	1,221,656
New Hope Corporation Limited	43.9%	491,862
Apex Healthcare Berhad	29.9%	154,231
Tuas Limited	25.3%	87,313
Pengana Capital Group Limited	38.6%	67,707
Palla Pharma Limited	19.9%	17,278

Market value of listed controlled and associated entities

2,040,047

Total value of WHSP's listed investments

4,806,608

Unlisted investments (Directors valuation)

563,977

Net debt and other assets

(126,755)

Consolidated net assets value pre-tax

5,243,830

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

WHSP is a long term equity investor.

If WHSP had disposed of all of its assets on 31 January 2021, the net capital gains tax liability of approximately \$970.0 million would have arisen based on market values as at 31 January 2021.

Of this amount, only \$542.2 million has been recognised in the Parent Entity's financial report at 31 January 2021. In the Parent Entity, investments in subsidiaries and associates are carried at the lower of cost or impaired cost.

The market values of the listed investments are based on the last sale prices as quoted on the ASX on 31 January 2021 and are therefore subject to price fluctuations.

Washington H. Soul Pattinson and Company Limited

Directors' Report

The Directors of Washington H. Soul Pattinson and Company Limited (WHSP) present their report and the financial report of the consolidated group for the half year ended 31 January 2021.

Directors

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

Robert Millner FAICD

Chairman

Non-executive Director since 1984, Chairman since 1998

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

Managing Director since 2015

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

Non-executive Director since December 2017

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

Lead Independent Director

Non-executive Director since 2012

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

Non-executive Director since 2011

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

Non-executive Director since 2014

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

Non-Executive Director since 2020

Robert Westphal B.Com(UNSW), FCA, FFin, MAICD

Non-executive Director since 2006

Review of Operations

Profit after tax attributable to shareholders for the half year ended 31 January 2021 was \$68.9 million, an increase of 35.2% compared to \$50.9 million for the previous corresponding period.

Comparisons with the corresponding period last year are as follows:

	Half Year 31 Jan 2021 \$'000	Half Year 31 Jan 2020 \$'000	Change %
Revenue from continuing operations	589,219	725,531	- 18.8%
Profit after tax attributable to shareholders	68,905	50,979	+ 35.2%
Interim Dividend	26 cents	25 cents	+ 4.0%

For further information regarding the operations of the Group, refer to the Chairman's Review and the Review of Group Entities on pages 11 to 17 of this report.

Events after the reporting date

The Directors of New Hope's subsidiaries, Northern Energy Corporation ("NEC") and Colton Coal Pty Limited ("Colton"), placed NEC and Colton into voluntary administration. NEC and Colton were subsequently placed into liquidation by creditors at a meeting on 26 July 2019. New Hope has previously announced that the Liquidators appointed to NEC and Colton have been investigating whether potential claims exist against New Hope or former directors and officers of NEC and Colton. On 23 March 2021, New Hope advised the Australian Securities Exchange of press reports indicating that the Liquidators of NEC and Colton intend to commence proceedings against New Hope and certain former directors and officers of NEC and Colton in connection with alleged voidable transaction, insolvent trading, asset transfers and breaches of directors' duties, in respect of claims the Liquidators estimate to be valued at \$174.1 million plus interest and costs. As of the date of this half year financial report New Hope has not been served with any proceedings. New Hope intends to defend vigorously any proceedings that are commenced.

Interim Dividend

Directors have resolved to pay an interim dividend of 26 cents per share in respect of the half year ended 31 January 2021, an increase of 4.0% over last year's interim dividend of 25 cents per share. The dividend will be fully franked and is payable on 14 May 2021.

Auditor's Independence Declaration

The lead auditor's independence declaration for the half year ended 31 January 2021 has been received and is included on page 24.

Rounding of Amounts

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

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



R D Millner

Director



T J Barlow

Managing Director

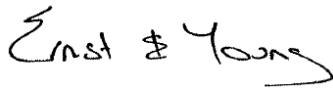
Dated this 25th day of March 2021.

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

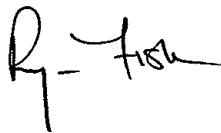
As lead auditor for the review of the interim financial report of Washington H. Soul Pattinson and Company Limited for the half-year ended 31 January 2021, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



Ernst & Young



Ryan Fisk
Partner
Sydney
25 March 2021

Consolidated Statement of Comprehensive Income

	Notes	31 January 2021 \$'000	31 January 2020 \$'000
Revenue	3(a)	589,219	725,531
Other income	3(b)	67,115	38,397
Cost of sales		(409,233)	(517,758)
Selling and distribution expenses	3(d)	(125,524)	(101,466)
Administration expenses		(38,079)	(32,648)
Acquisition costs expensed		(63)	(1,756)
Impairment expense	3(c)	(16,406)	(88,947)
Other expenses		(22,695)	(1,974)
Finance costs		(18,399)	(19,148)
Share of results from equity accounted associates	5	24,523	70,516
Profit before income tax expense		50,458	70,747
Income tax (expense)/ benefit	3(e)	(10,601)	15,181
Profit after income tax expense for the half year		39,857	85,928
Profit for the half year is attributable to:			
Owners of Washington H. Soul Pattinson and Company Limited		68,905	50,979
Non-controlling interests		(29,048)	34,949
		39,857	85,928
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		(78,492)	18,838
Disposal of long term equity investments, net of tax		(4,934)	(7,368)
Net movement after tax in capital profits reserve		5,081	12,967
Items that may be reclassified subsequently to profit or loss			
Net movement after tax in hedge reserve		(6,286)	(5,384)
Net movement after tax in foreign currency translation reserve		(2,721)	1,480
Net movement after tax in equity reserve		(4,717)	411
Total other comprehensive income/(loss) for the half year, net of tax		(92,069)	20,944
Total comprehensive income/(loss) for the half year		(52,212)	106,872
Total comprehensive income/(loss) for the half year is attributable to:			
Owners of Washington H. Soul Pattinson and Company Limited		(19,751)	73,734
Non-controlling interests		(32,461)	33,138
		(52,212)	106,872

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

Consolidated Statement of Comprehensive Income (continued)

	31 January 2021 Cents	31 January 2020 Cents
Earnings per share attributable to the Owners of Washington H. Soul Pattinson and Company Limited (in cents)		
Basic earnings per share	28.78	21.29
Diluted earnings per share ¹	28.78	21.29
Weighted average number of shares used in calculating basic and diluted earnings per share	239,395,320	239,395,320

1 Diluted EPS is equal to the basic earnings per share as any long-term incentive plan rights that vest in future financial years are expected to be satisfied by purchasing shares on the market.

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

Consolidated Statement of Financial Position

		31 January 2021 \$'000	31 July 2020 \$'000
	Notes		
Current assets			
Cash and cash equivalents		342,152	344,813
Trade and other receivables		132,825	148,845
Inventories		139,183	114,102
Biological assets		4,810	2,062
Assets classified as held for sale		7,502	26,879
Financial assets held for trading		384,982	291,214
Derivative financial instruments		46,403	45,852
Current tax asset		40,944	16,283
Total current assets		1,098,801	990,050
Non-current assets			
Trade and other receivables		97,757	30,031
Equity accounted associates	5	859,331	810,407
Long term equity investments	6	2,492,668	2,616,094
Derivative financial instruments		-	8,912
Investment properties		80,326	75,724
Property, plant and equipment	7	2,188,984	2,239,586
Exploration and evaluation assets	8	113,387	109,422
Right-of-use assets	10	140,509	117,512
Deferred tax assets		53,450	95,909
Intangible assets	9	117,105	117,186
Total non-current assets		6,143,517	6,220,783
Total assets		7,242,318	7,210,833
Current liabilities			
Trade and other payables		142,832	134,973
Contract liabilities		864	829
Interest bearing liabilities	11	239,394	248,213
Lease liabilities	10	20,570	22,215
Current tax liabilities		228	1,410
Provisions	12	74,422	58,851
Total current liabilities		478,310	466,491
Non-current liabilities			
Trade and other payables		280	773
Interest bearing liabilities	11	624,889	575,422
Lease liabilities	10	124,133	99,151
Deferred tax liabilities	14	649,310	672,843
Provisions	12	325,890	284,166
Total non-current liabilities		1,724,502	1,632,355
Total liabilities		2,202,812	2,098,846
Net assets		5,039,506	5,111,987
Equity			
Share capital	13	48,866	43,232
Reserves		(24,427)	63,253
Retained profits		4,079,572	4,133,308
Parent Entity interest		4,104,011	4,239,793
Non-controlling interests		935,495	872,194
Total equity		5,039,506	5,111,987

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

Consolidated Statement of Changes in Equity

Half year ended 31 January 2021	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 half year						
1 August 2020	43,232	4,133,308	63,253	4,239,793	872,194	5,111,987
Net profit for the half year after tax	-	68,905	-	68,905	(29,048)	39,857
Other comprehensive income/(loss) for the half year						
Net movement after tax in asset revaluation reserve	-	(4,287)	(79,085)	(83,372)	(54)	(83,426)
Net movement after tax in hedge reserve	-	-	(2,927)	(2,927)	(3,359)	(6,286)
Net movement after tax in foreign currency translation reserve	-	-	(2,721)	(2,721)	-	(2,721)
Net movement after tax in equity reserve	-	(939)	(3,778)	(4,717)	-	(4,717)
Net movement after tax in capital profit reserve	-	114	4,967	5,081	-	5,081
Total comprehensive income/(loss) for the half year	-	63,793	(83,544)	(19,751)	(32,461)	(52,212)
Transactions with owners						
Dividends provided for or paid ¹	-	(69,404)	-	(69,404)	(637)	(70,041)
Equity portion of convertible bond issued	5,634	-	-	5,634	-	5,634
Net movement in share based payments reserve	-	404	(1,607)	(1,203)	203	(1,000)
Tax on partial disposal of a subsidiary to non-controlling interest	-	(19,257)	-	(19,257)	-	(19,257)
Transactions with non-controlling interests	-	(29,272)	(2,529)	(31,801)	101,819	70,018
Equity transfer from members on issue of share capital in a subsidiary	-	-	-	-	1,004	1,004
Return of capital	-	-	-	-	(6,627)	(6,627)
Total equity at the end of the half year						
31 January 2021	48,866	4,079,572	(24,427)	4,104,011	935,495	5,039,506

¹ After the elimination of a proportion of the Parent Entity dividend paid to Brickworks Limited (2021: 43.4%).

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

Consolidated Statement of Changes in Equity (continued)

Half year ended 31 January 2020	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 half year						
1 August 2019	43,232	3,301,831	176,603	3,521,666	989,803	4,511,469
Effect of initial adoption of AASB 16	-	(2,859)	-	(2,859)	-	(2,859)
Restated balance at the beginning of the year						
1 August 2019	43,232	3,298,972	176,603	3,518,807	989,803	4,508,610
Net profit for the half year after tax	-	50,979	-	50,979	34,949	85,928
Other comprehensive income for the half year						
Net movement after tax in asset revaluation reserve	-	-	11,519	11,519	(49)	11,470
Net movement after tax in hedge reserve	-	-	(3,622)	(3,622)	(1,762)	(5,384)
Net movement after tax in foreign currency translation reserve	-	-	1,480	1,480	-	1,480
Net movement after tax in equity reserve	-	-	411	411	-	411
Net movement after tax in general reserve ¹	-	2,342	(2,342)	-	-	-
Net movement after tax in capital profit reserve	-	-	12,967	12,967	-	12,967
Total comprehensive income for the half year	-	53,321	20,413	73,734	33,138	106,872
Transactions with owners						
Dividends provided for or paid ²	-	(67,350)	-	(67,350)	(39,887)	(107,237)
Net movement in share based payments reserve	-	188	1,029	1,217	173	1,390
Transactions with non-controlling interests	-	-	-	-	1,601	1,601
Return of capital	-	-	-	-	(499)	(499)
Total equity at the end of the half year						
31 January 2020	43,232	3,285,131	198,045	3,526,408	984,329	4,510,737

¹ The general reserve historically recorded funds set aside for future requirements of the Group and relates to the Parent Entity.

² After the elimination of a proportion of the Parent Entity dividend paid to Brickworks Limited (2020: 43.8%).

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

Consolidated Statement of Cash Flows

	31 January 2021 \$'000	31 January 2020 \$'000
Note		
Cash flows from operating activities		
Receipts from customers inclusive of GST	592,193	719,090
Payments to suppliers and employees inclusive of GST	(473,351)	(604,443)
	118,842	114,647
Dividends received	49,111	53,091
Interest received	3,789	2,466
Interest on lease liabilities	(2,833)	(3,343)
Payments for financial assets held for trading	(86,985)	(32,032)
Proceeds from sale of financial assets held for trading	37,590	12,597
Acquisition costs expensed	(62)	(863)
Transactions costs relating to issuance of convertible notes	(2,839)	-
Finance costs paid	(9,159)	(10,821)
Income taxes paid	(103)	(34,894)
Net cash inflow from operating activities	107,351	100,848
15		
Cash flows from investing activities		
Payments for property, plant, equipment and intangibles	(74,417)	(75,710)
Proceeds from sale of property, plant and equipment	2,480	2,958
Payments for capitalised exploration and evaluation activities	(4,409)	(12,298)
Payments for acquisition and development of investment properties	(109)	(454)
Proceeds from sale of investment properties	25,947	3,802
Payments for equity investments	(11,018)	(82,702)
Proceeds from sale of equity investments	14,227	32,650
Payments to acquire equity accounted associates	(441)	(16,786)
Payments for acquisition of business, net of cash received	-	(36,203)
Payments for deferred consideration	(1,000)	-
Proceeds from sale of business, net of cash received	88	-
Payment for security and bond guarantee	(2,597)	-
Return of capital from equity investments	-	452
Loan repayments from external parties	10,817	27,900
Loans advanced to external parties	(75,381)	(4,050)
Net cash outflow from investing activities	(115,813)	(160,441)
Cash flows from financing activities		
Dividends paid to WHSP shareholders	(83,788)	(81,394)
Dividends paid by subsidiaries to non-controlling interests	(637)	(39,889)
Proceeds from external borrowings	57,495	303,416
Repayments of external borrowings	(234,503)	(118,858)
Return of capital to non-controlling interest	(6,627)	(499)
Principal repayments of lease liabilities	(15,866)	(16,509)
Proceeds from part sale of shares in a subsidiary	70,018	-
Proceeds from issue of convertible notes	225,000	-
Payment for shares acquired for the employee long term incentive plan	(4,123)	(590)
Transactions with subsidiaries' non-controlling interests	1,004	1,029
Net cash inflow from financing activities	7,973	46,706
Net (decrease) in cash and cash equivalents	(489)	(12,887)
Cash and cash equivalents at the beginning of the half year	344,813	126,915
Effects of exchange rate changes on cash and cash equivalents	(2,172)	1,886
Cash and cash equivalents at the end of the half year	342,152	115,914

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

Contents	Page
Note 1 Basis of preparation	32
Note 2 Segment information	33
Note 3 Revenue and expense	37
Note 4 Dividends	46
Note 5 Equity accounted associates	47
Note 6 Long term equity investments	48
Note 7 Property, plant, and equipment	49
Note 8 Exploration and evaluation assets	51
Note 9 Intangibles	52
Note 10 Lease assets and liabilities	54
Note 11 Interest bearing liabilities	55
Note 12 Provisions	58
Note 13 Contributed equity	59
Note 14 Deferred tax liabilities	59
Note 15 Reconciliation of profit after income tax to net cash inflow from operating activities	60
Note 16 Fair value measurement	61
Note 17 Commitments	63
Note 18 Contingent liabilities	64
Note 19 Covid-19 impact on operations and financial statements	64
Note 20 Events after the reporting period	65
Note 21 Other significant information	65

Notes to the Consolidated Financial Statements

1. Basis of preparation

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

The interim financial report for the half year ended 31 January 2021 is a general purpose financial report and has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

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

The half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 31 July 2020 and any public announcements made by Washington H. Soul Pattinson and Company Limited and its controlled entities (Consolidated Entity or Group) during the interim reporting period in accordance with continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted in this report are consistent with those of the previous financial year and the corresponding half year reporting period, with the addition of a new accounting policy as disclosed in note 11.

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 January 2021 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.

TPG Telecom Limited (TPG) demerger

As at 31 January 2021, the Parent Entity had a 12.6% (previously 25.3%) investment in TPG. On 29 June 2020, the Group's share of ownership in TPG was diluted from 25.3% to 12.6% as a result of the TPG and Vodafone Hutchison Australia Pty Limited ("VHA") merger. As of the merger date (29 June 2020), the Group lost significant influence over TPG and discontinued equity accounting for its investment in TPG.

This interim financial report was authorised for issue by the Board on 25 March 2021.

Notes to the Consolidated Financial Statements

2. Segment information

Segment reporting

The Consolidated Entity operates within five segments. Four segments are based on material holdings of individual investments, where the Parent Entity has board representation. All segments are predominately based in Australia.

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

The Group's operating segments are described as:

TPG Telecom Limited (TPG)

TPG is a provider of telecommunications services to consumers, business, enterprise, government and wholesale customers in Australia.

As at 31 January 2021, the Parent Entity had a 12.6% (previously 25.3%) investment in TPG. During the last financial year, the Group's share of ownership in TPG was diluted from 25.3% to 12.6% as a result of the TPG and Vodafone Hutchison Australia Pty Limited ("VHA") merger. As of the merger date (29 June 2020), the Group lost significant influence over TPG and discontinued equity accounting for its investment in TPG. The Group has classified TPG as a Fair Value through Other Comprehensive Income (FVOCI) asset in the current year.

Brickworks Limited (Brickworks)

Brickworks has four divisions: the manufacture of building products in Australia, the manufacture of building products in North America, property ownership and development, and an investment in Washington H. Soul Pattinson and Company Limited.

The Parent Entity has a 43.3% investment in Brickworks. Brickworks has been assessed as being an associate of the Group, and the Group therefore adopts equity accounting for its investment in Brickworks.

New Hope Corporation Limited (New Hope)

New Hope engages in coal, oil and gas activities which include exploration, development, production, processing, associated transport infrastructure and ancillary activities.

The Parent Entity has a 43.9% investment in New Hope. New Hope has been assessed as being a controlled entity of the Group, and New Hope's financial statements are therefore included in the Group's consolidated financial statements.

Round Oak Minerals Pty Limited (Round Oak)

Round Oak engages in zinc, copper and gold mining activities which includes exploration, mining and processing of ore into zinc and copper concentrate, copper sulphide and gold.

The Parent Entity has a 100% investment in Round Oak. Round Oak has been assessed as being a controlled entity of the Group, and Round Oak's financial statements are therefore included in the Group's consolidated financial statements.

Other investing activities

Other investing activities include the Group's diversified investment portfolio across different asset classes (including equities, hybrid instruments, derivatives, property, corporate loans and cash), subsidiaries (that own and operate farmland assets, direct property and swim schools) and equity accounted associates.

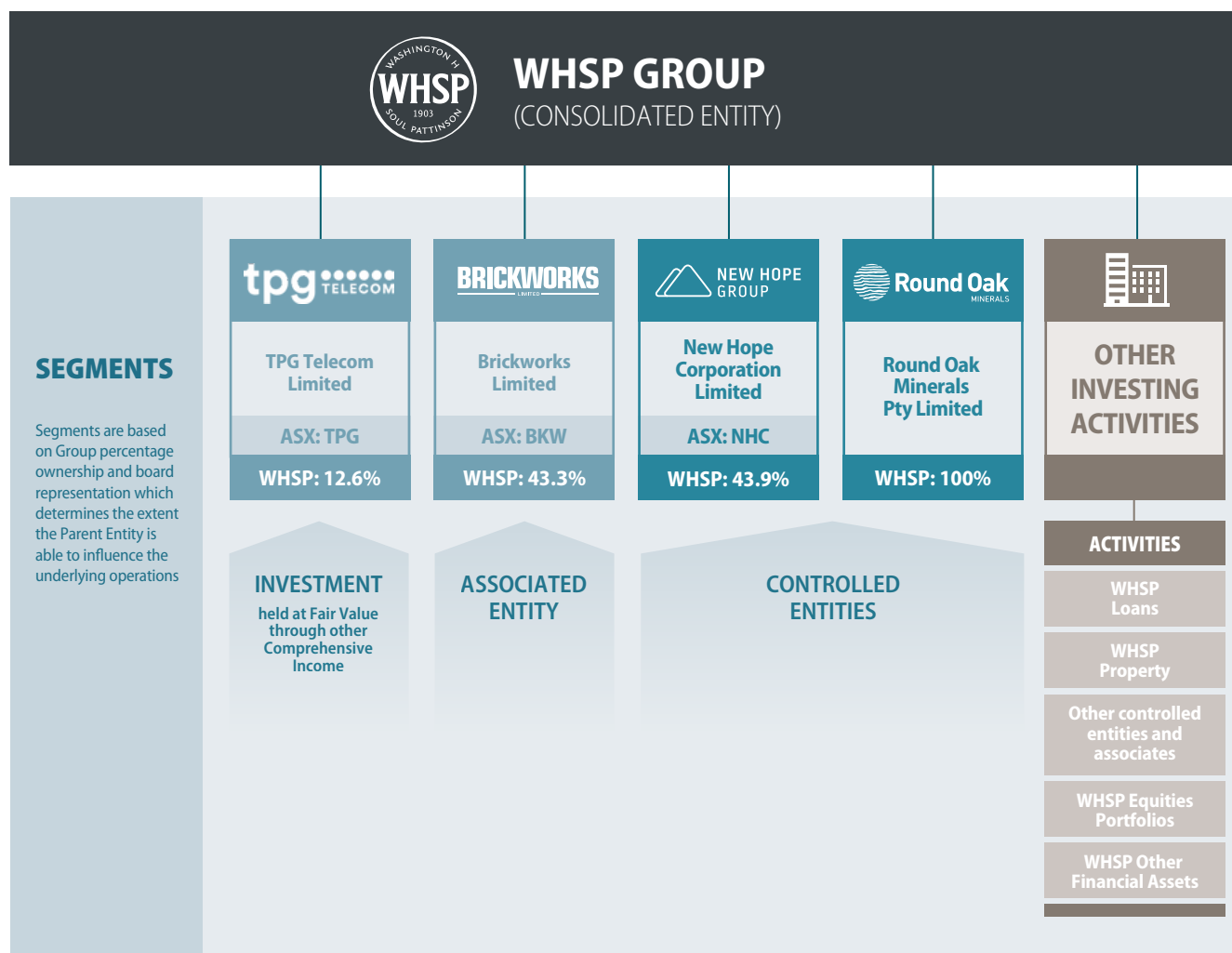
Derecognition of an associate

During the current half year, the Parent Entity, reassessed the classification of Australian Pharmaceutical Industries Limited (API) as an equity accounted associate as a result of Robert Millner resigning as a Director of API in July 2020. WHSP has classified API as a Fair Value through Profit and Loss (FVTPL) asset in the current year and has restated the prior year comparative. The carrying value restated was \$105,051,000 from equity accounted associate to FVTPL. Refer to note 5 for further detail.

Notes to the Consolidated Financial Statements

Half year ended 31 January 2021

2. Segment Information (continued)



Notes to the Consolidated Financial Statements

2. Segment Information (continued)

Reporting segments	TPG Telecom Limited ¹ \$'000	Brickworks Limited ² \$'000	New Hope Corporation Limited \$'000	Round Oak Minerals Limited \$'000	Other investing activities \$'000	Intersegment/ unallocated \$'000	Consolidated \$'000
Half year ended 31 January 2021							
Revenue from external customers	-	-	405,527	145,835	37,857	-	589,219
Intersegment revenue ³	-	-	-	-	25,634	(25,634)	-
Total revenue from continuing operations	-	-	405,527	145,835	63,491	(25,634)	589,219
Profit/(loss) before income tax	-	24,401	(79,336)	24,953	93,965	(13,525)⁴	50,458
Less income tax (expense)/benefit	-	(7,823) ⁵	23,961	(7,570)	(23,227)	4,058	(10,601)
Profit/(loss) after tax	-	16,578	(55,375)	17,383	70,738	(9,467)	39,857
Less loss attributable to non-controlling interests	-	-	28,712	-	336	-	29,048
Profit/(loss) after tax attributable to members	-	16,578	(26,663)	17,383	71,074	(9,467)	68,905

¹ TPG is classified as a FVOCI investment. Following the merger of TPG with Vodafone in June 2020, TPG changed its financial year end to 31 December. During this transition period TPG did not declare any dividends, and the Group therefore has not received any revenue from TPG in the current period.

² No revenue recognised as only the share of associates' profit after tax is recognised for equity accounted associates.

³ Represents inter-segment dividends and interest received from subsidiaries and associates that are eliminated on consolidation.

⁴ Unallocated represents Parent Entity corporate costs that are not allocated to individual segments.

⁵ The income tax expense relates to the deferred tax recognised on consolidation in respect of these investments.

Notes to the Consolidated Financial Statements

2. Segment Information (continued)

Reporting segments	TPG Telecom Limited ¹ \$'000	Brickworks Limited ¹ \$'000	New Hope Corporation Limited \$'000	Round Oak Minerals Limited \$'000	Other investing activities \$'000	Intersegment/ unallocated \$'000	Consolidated \$'000
Half year ended 31 January 2020							
Revenue from external customers	-	-	618,203	72,696	34,632	-	725,531
Intersegment revenue ²	-	-	-	-	67,923	(67,923)	-
Total revenue from continuing operations	-	-	618,203	72,696	102,555	(67,923)	725,531
Profit/(loss) before income tax	36,278	20,151	93,360	(122,843)	52,747	(8,946) ³	70,747
Less income tax (expense)/benefit	(9,128) ⁴	15,804 ⁴	(23,576)	35,332	(5,935)	2,684	15,181
Profit/(loss) after tax	27,150	35,955	69,784	(87,511)	46,812	(6,262)	85,928
Less (profit) attributable to non-controlling interests	-	-	(34,903)	-	(46)	-	(34,949)
Profit/(loss) after tax attributable to members	27,150	35,955	34,881	(87,511)	46,766	(6,262)	50,979

¹ No revenue recognised as only the share of associates' profit after tax is recognised for equity accounted associates. TPG was derecognised as an associate on 29 June 2020.

² Represents inter-segment dividends and interest received from subsidiaries and associates that are eliminated on consolidation.

³ Unallocated represents Parent Entity corporate costs that are not allocated to individual segments.

⁴ The income tax expense relates to the deferred tax recognised on consolidation in respect of these investments.

Washington H. Soul Pattinson and Company Limited
Half year ended 31 January 2021

Notes to the Consolidated Financial Statements

3. Revenue and expense

Profit for the half year includes the following items that are significant due to their size, nature or incidence.

	31 January 2021 \$'000	31 January 2020 \$'000
3(a) Revenue		
Revenue from contracts with customers		
Revenue from sale of goods	526,905	684,723
Revenue from provisional pricing adjustments	14,794	(3,759)
Rental revenue	4,019	4,744
Revenue from services	12,876	12,696
	558,594	698,404
Other revenue		
Dividend and distribution revenue	16,376	17,101
Interest revenue	4,417	4,394
Other	9,832	5,632
	30,625	27,127
Total revenue	589,219	725,531

Washington H. Soul Pattinson and Company Limited
Half year ended 31 January 2021

Notes to the Consolidated Financial Statements

3. Revenue and expense (continued)

3(a) Revenue (continued)

Revenue from contracts with customers

Disaggregation of revenue

The Group presents disaggregated revenue based on what each major strategic investment provided to customers and the timing of transfer of goods and services.

Half year ended 31 January 2021	New Hope Corporation Limited \$'000	Round Oak Minerals Pty Limited \$'000	Other investing activities \$'000	Total \$'000
Major product lines				
Coal, oil and gas	384,910	-	-	384,910
Copper, gold and zinc	-	145,828	-	145,828
Other goods and services	13,091	-	14,765	27,856
Total revenue from contracts with customers	398,001	145,828	14,765	558,594
Other revenue	7,526	7	23,092	30,625
Total revenue from continuing operations	405,527	145,835	37,857	589,219
Total revenue from contracts with customers by geographical regions				
Australia	55,077	127,640	14,765	197,482
Japan	154,019	-	-	154,019
China	20,614	3,713	-	24,327
Taiwan	67,222	-	-	67,222
Korea	34,404	14,475	-	48,879
Chile	37,456	-	-	37,456
Vietnam	6,409	-	-	6,409
India	8,333	-	-	8,333
Other	14,467	-	-	14,467
Total revenue from contracts with customers	398,001	145,828	14,765	558,594
Timing of revenue recognition from contracts with customers				
Goods and services transferred at a point in time	391,220	145,828	11,426	548,474
Goods and services transferred over time	6,781	-	3,339	10,120
Total revenue from contracts with customers	398,001	145,828	14,765	558,594

Major product lines

Revenue from contracts with customers comes from the sale of coal, oil, gas, copper, zinc, gold and the provision of management and consulting services.

Washington H. Soul Pattinson and Company Limited
Half year ended 31 January 2021

Notes to the Consolidated Financial Statements

3. Revenue and expense (continued)

3(a) Revenue (continued)

	New Hope Corporation Limited \$'000	Round Oak Minerals Pty Limited \$'000	Other investing activities \$'000	Total \$'000
Half year ended 31 January 2020				
Major product lines				
Coal, oil and gas	607,866	-	-	607,866
Copper, gold and zinc	-	72,696	-	72,696
Other goods and services	6,517	-	11,325	17,842
Total revenue from contracts with customers	614,383	72,696	11,325	698,404
Other revenue	3,820	-	23,307	27,127
Total revenue from continuing operations	618,203	72,696	34,632	725,531
Total revenue from contracts with customers by geographical regions				
Australia	68,806	54,171	11,325	134,302
Japan	246,077	-	-	246,077
China	77,312	-	-	77,312
Taiwan	43,186	-	-	43,186
Korea	36,410	-	-	36,410
India	10,765	-	-	10,765
Vietnam	2,294	-	-	2,294
Other	129,533	18,525	-	148,058
Total revenue from contracts with customers	614,383	72,696	11,325	698,404
Timing of revenue recognition from contracts with customers				
Goods and services transferred at a point in time	607,866	72,696	6,777	687,339
Goods and services transferred over time	6,517	-	4,548	11,065
Total revenue from contracts with customers	614,383	72,696	11,325	698,404

Washington H. Soul Pattinson and Company Limited
Half year ended 31 January 2021

Notes to the Consolidated Financial Statements

3. Revenue and expense (continued)

	31 January 2021 \$'000	31 January 2020 \$'000
3(b) Other income		
Gain on sale of property, plant and equipment	246	2,963
Reclassification adjustment from reserves on derecognition of an associate	3,643	-
Gain on fair value of biological assets	4,611	3,061
Gain on deemed disposal of equity accounted associates	7,373	5,348
Gain on financial assets held for trading at fair value through profit or loss	46,860	26,334
Gain on revaluation of investment property	3,600	-
Loss on sale of investment property	(873)	-
Insurance recovery	-	24
Other	1,655	667
	67,115	38,397

	31 January 2021 \$'000	31 January 2020 \$'000
3(c) Impairment expense		
Equity accounted associates ⁽¹⁾	27,714	(12,310)
Property, plant and equipment (including mine development costs) ⁽²⁾	(31,576)	(51,941)
Land and buildings ⁽²⁾	(9,978)	-
Exploration and evaluation assets ⁽³⁾	(1,672)	(17,536)
Oil producing and exploration assets ⁽⁴⁾	-	(3,006)
Other assets ⁽⁵⁾	(894)	(4,154)
	(16,406)	(88,947)

Washington H. Soul Pattinson and Company Limited
Half year ended 31 January 2021

Notes to the Consolidated Financial Statements

3. Revenue and expense (continued)

3(c) Impairment expense (continued)

Impairment expenses by segment and by asset class are shown in the tables below:

Half year ended 31 January 2021

	New Hope			Round Oak Minerals	Other investing activities	Total
	Qld Coal Mining Assets \$'000	Exploration & Evaluation Assets \$'000	Other assets \$'000			
Impairment expenses						
Equity accounted associates	-	-	-	-	27,714	27,714
Plant and equipment	(30,191)	(1,385)	-	-	-	(31,576)
Land and buildings	(9,053)	-	(925)	-	-	(9,978)
Exploration and evaluation assets	(1,015)	(233)	-	(424)	-	(1,672)
Other assets	-	-	-	-	(894)	(894)
	(40,259)	(1,618)	(925)	(424)	26,820	(16,406)

Half year ended 31 January 2020

	New Hope			Round Oak Minerals	Other investing activities	Total
	Qld Coal Mining Assets \$'000	Exploration & Evaluation Assets \$'000	Other assets \$'000			
Impairment expenses						
Equity accounted associates	-	-	-	-	(12,310)	(12,310)
Plant and equipment	-	-	-	(51,941)	-	(51,941)
Exploration and evaluation assets	-	-	-	(17,536)	-	(17,536)
Oil producing asset	-	-	(3,006)	-	-	(3,006)
Other assets	-	-	-	-	(4,154)	(4,154)
	-	-	(3,006)	(69,477)	(16,464)	(88,947)

(1) Impairment of equity accounted associates

The recoverable amounts of investments in equity accounted associates are assessed at each reporting date. 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.

For the half year ended 31 January 2021, reversals of impairment of \$27,602,000 and \$112,000 were recognised for Pengana Capital Group Limited and Palla Pharma Limited respectively.

For the half year ended 31 January 2020, impairment expenses of \$5,590,000 and \$9,180,000 were recognised for Palla Pharma Limited and Australian Pharmaceutical Industries Limited respectively and a reversal of impairment of \$2,460,000 was recognised for Pengana Capital Group Limited.

Notes to the Consolidated Financial Statements

3. Revenue and expense (continued)

3(c) Impairment expense (continued)

(2) Impairment of property, plant and equipment

An impairment loss on property, plant and equipment (including mine development costs and land and buildings) is recognised for the amount by which the asset's carrying values exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). For the purpose of assessing impairment under value in use testing, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units or CGU's). At each reporting date, an assessment is undertaken to determine if there are any circumstances that would indicate that an asset has been impaired. Individual business units adopt assumptions on pricing and exchange rates suitable for the markets in which they operate.

For the half year ended 31 January 2021 New Hope recognised the following impairment expenses:

- Queensland Coal Mining CGU property: \$30,191,000 and \$1,385,000 were recognised for the Queensland Coal Mining CGU of New Hope (refer to note A below) and the Coal Exploration and Evaluation Assets CGU of New Hope (refer to note B below) respectively.
- The recoverable amount for certain building assets was lower than their book value. Impairment expenses of \$9,053,000 and \$925,000 were recognised for the Queensland Coal Mining CGU (refer to note A below) and other New Hope assets, respectively. The carrying value of the building in other New Hope assets at 31 January 2021 was \$3,150,000.

For the half year ended 31 January 2020, an impairment expense of \$51,941,000 was recognised on property, plant and equipment and mine development costs in Round Oak Minerals Pty Limited.

(3) Impairment of exploration and evaluation assets

An impairment loss on exploration and evaluation assets is recognised for the amount by which an asset's carrying value exceeds its recoverable amount. At each balance date, an assessment is undertaken to determine if there are any circumstances that would indicate that an asset has been impaired. Individual segments of the Consolidated Entity adopt valuation models most suitable for the assets in question.

For the half year ended 31 January 2021, the following impairment expenses were recognised.

- \$1,015,000 and \$233,000 were recognised for the Queensland Coal Mining CGU of New Hope (refer to note A below) and the Coal Exploration and Evaluation Assets CGU of New Hope (refer Note B below) respectively.
- \$424,000 was recognised in respect of certain exploration tenements surrendered by Round Oak Minerals Pty Limited.

For the half year ended 31 January 2020, an impairment expense of \$17,536,000 was recognised on exploration and evaluation assets in Round Oak Minerals Pty Limited.

(4) Oil producing assets

For the half year ended 31 January 2020, an impairment expense of \$3,006,000 was recognised on oil producing assets of New Hope.

(5) Other assets

For the half year ended 31 January 2021, an impairment expense of \$810,000 was recognised in respect of water rights held by the Group's agricultural investment properties, and a further \$84,000 impairment expense recognised in respect of agriculture assets held for sale at period end.

For the half year ended 31 January 2020, an impairment expense of \$4,154,000 was recognised on acquisition on intangibles acquired from the acquisition of a Round Oak Mineral Pty Limited's subsidiary.

Notes to the Consolidated Financial Statements

3. Revenue and expense (continued)

3(c) Impairment expense (continued)

Further information on New Hope CGU recoverable amounts and impairment charges are set out in notes A and B below:

Note A: Queensland Coal Mining Operations CGU

New Hope has undertaken a detailed assessment of the recoverable amount of its Queensland Coal Mining (Qld Coal CGU) at 31 January 2021. The impairment assessment process is detailed below.

The Queensland Coal Mining operations is predominantly comprised of the New Acland mine. New Hope carefully considered the potential impact that recent developments in the complex legal and regulatory environment may have and the possibility of resultant impacts on future cash flows and recoverable amount for the CGU.

A summary of key events pertaining to New Acland Stage 3 project (NAC03) approvals is detailed in the Group's 2020 Annual Report in Note 17 of the financial report.

During the half year ended 31 January 2021 and to the date of this half year financial report the following key developments occurred:

- On the 3 February 2021, the High Court of Australia upheld the appeal by Oakey Coal Action Alliance (OCAA) against NAC03 in respect of the orders issued by the Queensland Court of Appeal given on 1 November 2019.
- The High Court ordered the matter to be re-heard in the Queensland Land Court. The Land Court hearing has been reserved for 3 November 2021.

New Hope determined the recoverable amount for the CGU based on a FVLCD calculation. This calculation uses discounted cashflow projections, adjusted with probability weightings specific to individual scenarios to derive a weighted average recoverable amount. Several scenarios have been assessed, considering a combination of different assumptions. These key assumptions are detailed below:

Assumption	Description
Extensions of approval timelines and coal tonnages	The extension of approval timelines has a direct impact on assumptions relating to the volume of coal tonnages to be produced and sold. The assessments have been considered based on project approvals being granted in August 2021 in the earliest instance, or at the latest with operations recommencing on 1 February 2023. An assessment was also considered based on the project approval not being granted and New Hope not pursuing approval again. The assumptions of the impairment assessment reflect that once approvals are granted NAC03 operates for the full life of mine with varying tonnage scenarios considered to optimise the return from the assets.
Coal Price	Short term coal prices have improved since October 2020 while long term indications of pricing have remained largely consistent and in line with pricing reflected at 31 July 2020. The coal price range for assessments at 31 January 2021 is USD53.66 – USD127.30 (2020: USD47.80 – USD133.50) per tonne (nominal basis).
Foreign exchange	The assumed AUD:USD foreign exchange rate modelled is 0.74 - 0.75 (2020: 0.68 - 0.73).
Discount rates	The future cash flows have been discounted using a post-tax discount rate of 10.5% (2020: 10.5%).

Notes to the Consolidated Financial Statements

3. Revenue and expense (continued)

3(c) Impairment expense (continued)

Further considerations

In undertaking its impairment assessment, New Hope considered the potential impact of climate change risk on the future cash flows contained within the FVLCD calculation. These risks include the potential impact on future coal prices of changes in market supply and demand dynamics over the life of NAC03, and the potential for cost volatility associated with factors such as climate change related regulatory changes and/or market participation by suppliers of services to New Hope.

These types of risks are assessed in a variety of ways including the use of forecast commodity prices and industry risk measures as an input into the calculation of the discount rate applied against future cash flows. Given the near to medium term timing and expected life of the project, New Hope does not consider there to be significant risk of climate change materially impacting project outcomes once current approvals are received.

The Qld Coal CGU has take-or-pay agreements for rail, port and water supply. The rail agreement is generally aligned to the recovery of Stage 2 coal, while the port and water agreements are for a longer term. Refer to Note 3(d) and Note 12 for information on onerous take-or-pay contracts identified.

The Qld Coal CGU is a customer of the New Hope Port Operations CGU. In the event that there are circumstances which impact the QLD Coal CGU, this may be relevant to the recoverable value of the Port Operations CGU and will be a factor in any future impairment considerations. During the half year ended 31 January 2021 no indicators of impairment were noted with regard to the Port Operations CGU.

Recoverable amount and impairment charge

	31 January 2021 Recoverable amount \$'000	31 January 2021 Impairment charge \$'000	31 January 2020 Recoverable amount \$'000	31 January 2020 Impairment charge \$'000
Property, plant and equipment				
Land and buildings (mining)	20,189	9,053	29,592	-
Plant and equipment	27,645	30,191	62,208	12,864
Mining reserves, leases and development assets	482	-	866	-
Plant under construction	240	-	516	52,585
Intangibles				
Software	529	-	688	-
Exploration and evaluation				
Exploration and evaluation at cost	-	1,015	-	45,334
Total	49,085	40,259	93,870	110,783

In assessing the recoverable amount for the CGU, New Hope has used reasonable assumptions and judgements of future uncertainties in key pricing, discounts and foreign exchange assumptions and probabilities of scenarios. Any changes in probabilities or other assumptions could result in additional impairment of the remaining carrying value of the CGU at risk of \$49,085,000 (31 July 2020: \$93,870,000).

As at 31 January 2021, New Hope concluded that in aggregate the above matters result in the recoverable amount for the CGU being below its carrying value and an impairment charge of \$40,259,000 was booked in the half year financial report.

Notes to the Consolidated Financial Statements

3. Revenue and expense (continued)

3(c) Impairment expense (continued)

Note B: Coal Exploration and Evaluation Assets CGU

New Hope determined that an indicator of impairment existed as at 31 January 2021 in respect of the North Surat Coal Exploration projects. The indicator arose due to market conditions for coal exploration assets.

The recoverable amount of the Coal Exploration and Evaluation Assets CGU was determined based on a FVLCD calculation underpinned by a resource multiple. A resource multiple is considered the appropriate valuation methodology for an exploration asset of this type as it represents the price paid for the resources in market transactions for exploration tenures. In the current market conditions, New Hope determined that a resource multiple of \$0.03 be ascribed to the JORC resources.

New Hope concluded the recoverable amount for the CGU was below its carrying value and an impairment charge of \$1,618,000 was booked in the half year financial report. Any changes in assumptions could result in an additional impairment. The residual carrying value of the Coal Exploration and Evaluation CGU at 31 January 2021 is \$38,885,000 (2020: \$39,869,000).

3(d) Other expense items

Gain from coal stock revaluation

New Hope cost of sales were decreased by \$11,393,000 due to a positive inventory adjustment as forward coal prices improved the value of inventory held as at 31 January 2021.

Onerous Contracts

During the period ended 31 January 2021 New Hope recognised an expense of \$37,276,000 in respect of one onerous take-or-pay contract that ends in December 2021. The expense was recognised as a selling and distribution expense, and includes actual costs paid during the current period and estimated costs expected to be paid in future periods. As at 31 January 2021 New Hope retained a provision of \$29,786,000 in relation to these future costs (refer Note 12).

Debt Waiver Consent

Finance costs for the period ended 31 January 2021 include \$1,110,000 in debt waiver consent fees incurred by New Hope in obtaining covenant relief from its finance providers.

Redundancy costs

During the period ended 31 January 2021 New Hope incurred \$10,136,000 in redundancy costs across its Queensland operations and corporate office as part of an overall group restructure. These costs have been included in cost of sales (\$6,458,000), administration expenses (\$3,063,000) and marketing and transportation costs (\$615,000).

Other expenses

During the period ended 31 January 2021 New Hope incurred \$1,189,000 in liquidation expenses, recognised in cost of sales (\$1,100,000) and administration expenses (\$89,000).

Washington H. Soul Pattinson and Company Limited
Half year ended 31 January 2021

Notes to the Consolidated Financial Statements

3. Revenue and expense (continued)

	31 January 2021 \$'000	31 January 2020 \$'000
3(e) Income tax expense		
Reconciliation of prima facie tax expense to income tax expense		
Profit before income tax expense	50,458	70,747
Income tax at 30% (2020: 30%)	15,137	21,224
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Net impairment (reversal)/expenses (non-deductible)	(8,314)	6,134
Franking credits received (excluding controlled and associate entities)	(3,829)	(4,255)
Tax expense/(benefit) on the carrying value of equity accounted associates	5,117	(28,804)
Under/(over) provision for income tax	780	(10,657)
Other	1,710	1,177
Income tax expense/(benefit)	10,601	(15,181)
Effective tax rate:	21.0%	(21.5%)

4. Dividends

	\$'000	Amount per security CPS	Franking per security CPS
Interim dividend			
Interim dividend not recognised in retained profits, to be paid on 14 May 2021	62,243	26.0	26.0
Previous corresponding year, paid on 14 May 2020	59,849	25.0	25.0
Final dividend			
Final dividend not previously recognised in retained profits, was paid on 14 December 2020	83,788	35.0	35.0

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

Total number of ordinary shares on issue at the end of the reporting period was 239,395,320 (2020: 239,395,320).

Notes to the Consolidated Financial Statements

5. Equity accounted associates

	Group's percentage of holding at balance date ¹		Contribution to Group result for the year ²		Equity accounted carrying value ³	
	31 January 2021	31 January 2020	31 January 2021 Total \$'000	31 January 2020 Total \$'000	31 January 2021 Total \$'000	31 July 2020 Total \$'000
Half year ended 31 January						
Associates – held by the Parent Entity						
Apex Healthcare Berhad (a)	29.9	30.1	2,829	2,969	46,024	43,986
Australian Pharmaceutical Industries Limited (c)	-	19.3	-	5,958	-	-
Brickworks Limited (a) (b)	43.3	43.8	24,401	20,151	541,670	519,195
Pengana Capital Group Limited	38.7	38.7	1,223	1,260	67,707	39,828
Palla Pharma Limited	19.9	19.9	(5,117)	(708)	17,278	22,286
TPG Telecom Limited (d)	-	25.3	-	36,278	-	-
Other associates	various	various	1,187	4,608	186,652	185,112
Total contributions from equity accounted associates			24,523	70,516	859,331	810,407
Gain on deemed disposal of equity accounted associates, net of tax			5,161	5,225		
Deferred tax (expense)/benefit recognised on equity accounted associates			(12,372)	6,058		
Net impairment reversal/(expense) of associates			27,714	(12,310)		
Net contribution from equity accounted associates			45,026	69,489		

¹ The percentage holding represents the Group's total holding in each associate.

² Contribution to Group result represents the amount included in profit after income tax before non-controlling interests as shown on the consolidated statement of comprehensive income.

³ Equity accounted carrying amount is the carrying value of the associates in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

5. Equity accounted associates (continued)

Details of investments and results in associates

- (a) In the half year ended 31 January 2021, Apex Healthcare Berhad and Brickworks Limited issued shares by way of employee share schemes. The Parent Entity did not participate in the share issues. As a result, there has been an immaterial decrease in the Group's shareholding in each of these investments.
- (b) During the period, Brickworks issued shares under its dividend reinvestment plan. As a result, the shareholding in this investment has reduced by 0.5% to 43.3%.
- (c) During the current half year, the Parent Entity reassessed the classification of Australian Pharmaceutical Industries Limited (API) as a equity accounted associate as a result of Robert Millner resigning as a Director of API in July 2020. Accordingly, WHSP has classified API as a Fair Value through Profit and Loss (FVTPL) asset in the current year and has restated the prior year comparative. The carrying value restated was \$105,051,000 from equity accounted associate to FVTPL.
- (d) In the half year ended 31 January 2021, the Group's share of ownership in TPG was diluted from 25.3% to 12.6% as a result of the TPG and Vodafone Hutchison Australia Pty Limited ("VHA") merger. As at the merger date (29 June 2020), the Group lost significant influence over TPG and discontinued equity accounting.

6. Long term equity investments

	31 January 2021 \$'000	31 July 2020 \$'000
Non-current assets		
Long term equity investments - listed (a)	2,381,295	2,502,944
Long term equity investments - unlisted	111,373	113,150
Total long term equity investments	2,492,668	2,616,094
	6 months to 31 January 2021 \$'000	12 months to 31 July 2020 \$'000
Dividends		
Dividends from long term equity investments held at FVOCI recognised in profit or loss in other revenue:		
Related to investments sold during the period	1	2,326
Related to investments held at the end of the period	11,319	24,614
Total dividends	11,320	26,940

(a) Long term equity investments pledged as security for short term finance and long-term loan

Long term equity investments with a fair value of \$343,011,000 (31 July 2020: \$334,690,000) have been transferred to the Parent Entity's banks as security for \$235,182,000 (31 July 2020: \$235,182,000) of equity finance. As the Parent Entity retains the risks and benefits of ownership of the transferred long-term equity investments, including the right to receive dividends, these long-term equity investments continue to be included as an asset in the consolidated statement of financial position. Refer to note 11 (interest bearing liabilities) for further details.

In addition, during the period, the Parent Entity utilised a long term loan facility with Credit Suisse. This facility was repaid and closed on the 29 January 2021. As at 31 July 2020 there were long term equity investments with fair value of \$759,840,000 that were transferred to Credit Suisse as security for the \$200,000,000 Parent Entity's term loan facility. As at 31 January 2021, all secured long term equity investments have been transferred back to WHSP. Refer to note 11 (interest bearing liabilities) for further details.

Notes to the Consolidated Financial Statements

7. Property, plant and equipment

	Land \$'000	Buildings \$'000	Farmland assets \$'000	Plant, fixtures, motor vehicles \$'000	Oil producing assets \$'000	Mining reserves and leases \$'000	Mine development \$'000	Bearer plants \$'000	Total \$'000
At 1 August 2020									
Cost	180,458	95,862	40,144	1,455,625	199,972	1,245,869	457,908	17,725	3,693,563
Accumulated depreciation/amortisation and impairment	-	(32,149)	(426)	(812,170)	(154,145)	(201,633)	(252,496)	(958)	(1,453,977)
Net book value	180,458	63,713	39,718	643,455	45,827	1,044,236	205,412	16,767	2,239,586
Half year ended 31 January 2021									
Opening net book value	180,458	63,713	39,718	643,455	45,827	1,044,236	205,412	16,767	2,239,586
Additions	-	456	9,431	29,664	1,516	-	26,543	3,910	71,520
Mining and restoration and rehabilitation	-	-	-	31,977	1,862	-	1,630	-	35,469
Transfers in/(out)	-	(22,172)	-	22,172	-	-	-	-	-
Transfers from lease assets	-	-	-	807	-	-	-	-	807
Transfers to assets held for sale	-	-	(7,142)	(1,052)	-	-	-	661	(7,533)
Transfers to exploration and evaluation assets	-	-	-	-	-	-	(992)	-	(992)
Disposal of assets	(528)	-	(322)	(1,739)	-	-	-	-	(2,589)
Fair value adjustments	-	-	(653)	-	-	-	-	-	(653)
Impairment of assets (refer Note 3(c))	-	(9,978)	-	(30,191)	-	-	(1,385)	-	(41,554)
Depreciation/amortisation	-	(1,829)	(221)	(42,427)	(2,873)	(26,971)	(29,772)	(984)	(105,077)
Closing net book value	179,930	30,190	40,811	652,666	46,332	1,017,265	201,436	20,354	2,188,984
At 31 January 2021									
Cost	179,930	74,146	41,458	1,537,454	203,350	1,245,869	485,089	22,296	3,789,592
Accumulated depreciation/amortisation and impairment	-	(43,956)	(647)	(884,788)	(157,018)	(228,604)	(283,653)	(1,942)	(1,600,608)
Net book value	179,930	30,190	40,811	652,666	46,332	1,017,265	201,436	20,354	2,188,984

Notes to the Consolidated Financial Statements

7. Property, plant and equipment (continued)

	Land \$'000	Buildings \$'000	Farmland assets \$'000	Plant, fixtures, motor vehicles \$'000	Oil producing assets \$'000	Mining reserves and leases \$'000	Mine development \$'000	Bearer plants \$'000	Total \$'000
At 1 August 2019									
Cost	180,458	90,358	-	1,375,768	180,839	1,245,869	353,242	-	3,426,534
Accumulated depreciation/amortisation and impairment	-	(28,785)	-	(633,574)	(98,725)	(138,880)	(174,771)	-	(1,074,735)
Net book value	180,458	61,573	-	742,194	82,114	1,106,989	178,471	-	2,351,799
Initial adoption of AASB 16	-	-	-	(6,444)	-	-	-	-	(6,444)
Adjusted net book value	180,458	61,573	-	735,750	82,114	1,106,989	178,471	-	2,345,355
Year ended 31 July 2020									
Opening net book value	180,458	61,573	-	735,750	82,114	1,106,989	178,471	-	2,345,355
Acquisition of businesses	-	-	29,655	3,298	-	-	-	17,725	50,678
Additions	-	3,898	5,871	102,885	13,819	-	69,650	-	196,123
Mining and restoration and rehabilitation	-	-	-	11,097	5,314	-	16,969	-	33,380
Transfers in/(out)	-	5,401	(245)	(23,203)	-	-	18,047	-	-
Transfer to intangibles	-	-	-	(459)	-	-	-	-	(459)
Transfer to held-for-sale asset	-	-	-	(239)	-	-	-	-	(239)
Transfer from investment property	-	-	-	61	-	-	-	-	61
Disposal of assets	-	(3,795)	-	(7,139)	-	-	-	-	(10,934)
Fair value adjustments	-	-	4,863	-	-	-	-	-	4,863
Impairment of assets	-	-	(273)	(93,260)	(47,629)	-	(25,600)	-	(166,762)
Depreciation/amortisation	-	(3,364)	(153)	(85,336)	(7,791)	(62,753)	(52,125)	(958)	(212,480)
Closing net book value	180,458	63,713	39,718	643,455	45,827	1,044,236	205,412	16,767	2,239,586
At 31 July 2020									
Cost	180,458	95,862	40,144	1,455,625	199,972	1,245,869	457,908	17,725	3,693,563
Accumulated depreciation/amortisation and impairment	-	(32,149)	(426)	(812,170)	(154,145)	(201,633)	(252,496)	(958)	(1,453,977)
Net book value	180,458	63,713	39,718	643,455	45,827	1,044,236	205,412	16,767	2,239,586

Notes to the Consolidated Financial Statements

8. Exploration and evaluation assets

	31 January 2021 \$'000	31 July 2020 \$'000
Non-current assets		
Exploration and evaluation assets at cost	113,387	109,422
Movement		
Opening net book value	109,422	333,623
Additions	4,409	17,524
Impairment expenses (refer note 3c)	(1,672)	(241,931)
Reclassify prior period impairment to PPE	992	-
Movement in rehabilitation	236	206
Closing net book value	113,387	109,422

Exploration and evaluation assets include New Hope of \$97,429,000 (31 July 2020: \$94,223,000) and Round Oak of \$15,958,000 (31 July 2020: \$15,199,000).

Notes to the Consolidated Financial Statements

9. Intangibles

	Goodwill \$'000	Water rights \$'000	Mining information \$'000	Other intangibles \$'000	Software \$'000	Total \$'000
At 1 August 2020						
Cost	20,184	32,170	70,809	6,786	18,506	148,455
Accumulated amortisation and impairment	(4,157)	(1,624)	(8,667)	-	(16,821)	(31,269)
Net book value	16,027	30,546	62,142	6,786	1,685	117,186
Half year ended 31 January 2021						
Opening net book value	16,027	30,546	62,142	6,786	1,685	117,186
Additions	-	2,896	-	-	1	2,897
Disposal of assets	-	(26)	-	-	(37)	(63)
Amortisation expense	-	(280)	(1,497)	-	(328)	(2,105)
Impairment expense (refer note 3(c))	-	(810)	-	-	-	(810)
Closing net book value	16,027	32,326	60,645	6,786	1,321	117,105
At 31 January 2021						
Cost	20,184	35,040	70,809	6,786	18,470	151,289
Accumulated amortisation and impairment	(4,157)	(2,714)	(10,164)	-	(17,149)	(34,184)
Net book value	16,027	32,326	60,645	6,786	1,321	117,105

Notes to the Consolidated Financial Statements

9. Intangibles (continued)

	Goodwill \$'000	Water rights \$'000	Mining information \$'000	Other intangibles \$'000	Software \$'000	Total \$'000
At 1 August 2019						
Cost	33,262	13,071	70,809	6,786	17,610	141,538
Accumulated amortisation and impairment	(4,157)	(1,067)	(5,690)	-	(16,145)	(27,059)
Net book value	29,105	12,004	65,119	6,786	1,465	114,479
Year ended 31 July 2020						
Opening net book value	29,105	12,004	65,119	6,786	1,465	114,479
Additions	-	10,208	-	-	437	10,645
Acquisition of businesses	-	9,240	-	-	-	9,240
Disposals	(576)	-	-	-	-	(576)
Transfers in from property, plant and equipment	-	-	-	-	459	459
Impairment expense	(12,502)	(349)	-	-	-	(12,851)
Amortisation expense	-	(557)	(2,977)	-	(676)	(4,210)
Closing net book value	16,027	30,546	62,142	6,786	1,685	117,186
At 31 July 2020						
Cost	20,184	32,170	70,809	6,786	18,506	148,455
Accumulated amortisation and impairment	(4,157)	(1,624)	(8,667)	-	(16,821)	(31,269)
Net book value	16,027	30,546	62,142	6,786	1,685	117,186

Notes to the Consolidated Financial Statements

10. Lease assets and liabilities

	31 January 2021 \$'000	31 July 2020 \$'000
Right-of-use assets		
Carrying amount of lease assets, by class of underlying asset:		
Buildings (primarily relates to office premises and swimming pool sites)	32,804	33,276
Plant, fixtures and motor vehicles	107,705	84,236
Total carrying amount of right-of-use assets	140,509	117,512

Reconciliation of the carrying amount of right-of-use assets:

Opening net book amount	117,512	125,594
Acquisition of businesses	-	706
Additions	38,534	24,516
Disposals	-	(851)
Depreciation	(14,730)	(32,453)
Transfers out to property plant and equipment	(807)	-
Closing net book amount	140,509	117,512

The Consolidated Entity recognised the following lease liabilities

	31 January 2021 \$'000	31 July 2020 \$'000
Lease liabilities		
The present value of lease liabilities is as follows:		
Current	20,570	22,215
Non-current	124,133	99,151
Recognised as lease liabilities	144,703	121,366
Opening balance	121,366	126,949
Acquisition of businesses	-	706
Additions	38,734	24,521
Disposals	-	(807)
Accretion of interest	3,121	6,703
Payments	(18,699)	(36,706)
Other movements	181	-
Closing balance	144,703	121,366

Lease liabilities (undiscounted) maturity analysis

Within one year	26,136	27,228
Later than one year but not later than five years	70,631	36,189
Greater than five years	101,913	111,625
Total	198,680	175,042

Secured liabilities

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. No other assets are pledged as security for the lease liabilities. The total cash outflow for leases for the half year ended 31 January 2021 was \$18,699,000 (31 January 2020: \$19,852,000).

Notes to the Consolidated Financial Statements

11. Interest bearing liabilities

Accounting policy

Convertible notes

The component of convertible notes that exhibit characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note. This amount is carried as a long-term liability on the amortised basis until extinguished on conversion or redemption. The increase in liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Other interest bearing liabilities

Refer to accounting policy in note 25 of the 2020 Annual Report.

		31 January 2021 \$'000	31 July 2020 \$'000
Current liabilities			
Secured			
Bank overdraft (WHSP Agriculture Trust)	(a)	2,282	30
Equity finance loans (Parent Entity)	(b)	235,182	235,182
Secured loans (New Hope)	(c)	1,189	928
Secured loans (PSRE Urban Regeneration Trust)	(d)	-	12,000
Equipment finance loan (WHSP Agriculture Trust)	(a)	741	73
		239,394	248,213
Non-current liabilities			
Unsecured			
Convertible notes (Parent Entity)	(b)	215,455	-
Secured			
Market rate loan (WHSP Agriculture Trust)	(a)	31,000	21,025
Equipment finance loan (WHSP Agriculture Trust)	(a)	2,371	203
Equity finance loans (Parent Entity)	(b)	-	199,170
Secured loans (New Hope)	(c)	376,063	355,024
		624,889	575,422
Total interest bearing liabilities		864,283	823,635
Less: cash and cash equivalents		(342,152)	(344,813)
Net debt		522,131	478,822
Financing facilities			
		1,496,373	1,441,606
Less: facilities utilised at reporting date			
Convertible bond		(215,455)	-
Equity finance and other loan facilities		(648,828)	(823,635)
Capitalised transaction costs		(2,748)	(4,878)
Bank guarantees		(188,583)	(269,656)
Facilities unutilised at reporting date		440,759	343,437

The fair values of interest bearing liabilities materially approximate their respective carrying values as at 31 January 2021.

Notes to the Consolidated Financial Statements

11. Interest bearing liabilities (continued)

Financing facilities (continued)

a) WHSP Agriculture Holding Trust

In the prior financial year, the WHSP Agriculture Holding Trust entered into a 5-year secured loan facility with the Commonwealth Bank of Australia. The facility comprised a \$4,000,000 bank overdraft, \$26,000,000 market rate loan and a \$3,330,000 asset finance facility. The expiry date is 30 July 2025.

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

On 20 December 2020, the market rate loan facility was increased to \$33,000,000. There were no other material changes to the terms of the Commonwealth Bank facilities.

To finance the purchase of various pieces of agricultural equipment, the WHSP Agricultural Holding Trust entered into various financing agreements with John Deere Financial Limited. These credit contracts are specific to the agricultural equipment. The credit contracts are secured with a mortgage over the equipment for a term ranging between 24 to 36 months.

As at 31 January 2021, WHSP Agriculture Holding Trust utilised:

- \$2,282,000 of the bank overdraft facility (31 July 2020: \$30,000) at an interest rate of 2.85% pa (31 July 2020: 2.85% pa). The unutilised facility as at 31 January 2021 was \$1,718,000 (31 July 2020: \$3,970,000).
- \$31,000,000 of the market rate loan facility (31 July 2020: \$21,205,000) at a weighted average interest rate of 1.90% pa (31 July 2020: 2.0% pa). The unutilised facility as at 31 January 2021 was \$2,000,000 (31 July 2020: \$4,795,000).
- \$2,495,000 of the CBA equipment finance facility was utilised (31 July 2020: \$nil) at a weighted average interest rate of 3.08% pa (31 July 2020: \$nil). The unutilised facility as at 31 January 2021 was \$805,000 (31 July 2020: \$3,300,000).

b) Parent Entity

Equity finance facilities

As at 31 January 2021, the Parent Entity had the following secured equity finance loans:

- A facility with the National Australia Bank up to \$250,000,000. The Parent Entity has utilised \$190,182,000 (31 July 2020: \$190,182,000). The debt incurs interest at a variable rate ranging between 0.86% pa and 1.04% pa and is repayable upon either the National Australia Bank or the Parent Entity providing 30 days notice.
- A facility with Macquarie Bank up to \$175,000,000. The facility is repayable in 12 months. As at 31 January 2021 this facility is drawn to \$45,000,000 (31 July 2020: \$45,000,000). The debt incurs interest at a variable rate of 0.61% pa.

As security for each of these loans, the Parent Entity transferred ownership of title over certain long-term equity investments to the banks. As the Parent Entity retains the risks and benefits of ownership of the transferred equity 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 equity investments will be transferred back to the Parent Entity.

Convertible notes

On 29 January 2021, the Parent Entity issued convertible notes with an aggregate principal amount of \$225,000,000. There has been no movement in the number of these convertible notes since the issue date.

The bonds 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.

Notes to the Consolidated Financial Statements

11. Interest bearing liabilities (continued)

Financing facilities (continued)

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

The net proceeds from the convertible notes, after deducting all the related costs and expenses, were \$221,089,000. As of 31 January 2021, the proceeds have been used to repay approximately \$200,000,000 of existing financial indebtedness, with the remaining proceeds applied to further strengthen the Parent Entity's liquidity position.

The fair value of the liability component of the convertible notes was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. This amount is carried as a long-term liability on an amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds are allocated to the conversion option and recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between liability and equity components of the convertible notes based on the allocation of the proceeds to the liability and equity component when the instruments are first recognised.

	31 January 2021 \$'000
Convertible notes split into the liability and equity components	
Opening balance at 1 August 2020	-
Nominal value of convertible notes issued on 29 January 2021	225,000
Equity component of the convertible notes	(5,634)
Transaction fees	<u>(3,911)</u>
Liability component of the convertible notes (net of capitalised transaction fees)	215,455
Amortisation of borrowings at effective interest rate	<u>-</u>
Liability component at 31 January 2021	<u>215,455</u>

Transaction costs of \$3,812,000 related to the liability component and \$99,000 to the equity component

	31 January 2021 \$'000
Changes in liabilities arising from financing activities	
Opening balance at 1 August 2020	
Net present value of cashflows - proceeds from issuance of convertible notes, net of transaction costs	221,089
Equity component of convertible notes, net of transaction costs	(5,634)
Amortisation of borrowings at effective interest rate	<u>-</u>
Closing balance at 31 January 2021	<u>215,455</u>

Term loan

In the prior financial year, the Parent Entity entered into a \$200,000,000 three year secured term loan facility with Credit Suisse AG. The facility was for making investments, refinancing existing debt and general corporate purposes. On 29 January 2021, the facility was repaid and extinguished using the proceeds of the convertible notes.

Notes to the Consolidated Financial Statements

11. Interest bearing liabilities (continued)

c) New Hope

New Hope has a secured loan facility with a syndicate of Australian and international banks. The facility is comprised of a \$600,000,000 drawable amortising facility and a \$300,000,000 credit support facility. The facility's drawable line for credit is for general corporate purposes and has a maturity of November 2023. The secured facility holds fixed and floating charges over all assets owned by New Hope (with the exception of certain excluded New Hope subsidiaries).

As at 31 January 2021 the New Hope secured loan facility had amortised to \$480,000,000 (31 July 2020: \$510,000,000). As at 31 January 2021, the New Hope secured loan facility was utilised to \$380,000,000 (31 July 2020: \$360,000,000). The unutilised facility was \$100,000,000 as at 31 January 2021 (31 July 2020: \$150,000,000).

Transaction costs capitalised were \$3,938,000 as at 31 January 2021 (31 July 2020: \$4,976,000).

d) Other subsidiaries

As at 31 July 2020, a subsidiary property trust of the Parent Entity had a \$12,000,000 loan facility with the Commonwealth Bank of Australia, secured over a commercial property in Penrith, New South Wales. A contract for sale of this property was exchanged in July 2020. The property settled on 28 January 2021 and the loan was repaid and facility extinguished also on this date.

12. Provisions

	31 January 2021 \$'000	31 July 2020 \$'000
Current liabilities		
Mining restoration and site rehabilitation (a)	5,233	11,400
Employee benefits	39,393	47,441
Onerous contracts (b)	29,796	10
	<u>74,422</u>	<u>58,851</u>
Non-current liabilities		
Mining restoration and site rehabilitation (a)	317,733	275,873
Employee benefits	7,556	7,701
Other	601	592
	<u>325,890</u>	<u>284,166</u>

(a) Mining restoration and site rehabilitation (New Hope and Round Oak Minerals)

As at 31 January 2021 New Hope has recognised a mining restoration and rehabilitation provision of \$262,535,000, and Round Oak Minerals has recognised a mining restoration and site rehabilitation provision of \$60,431,000.

(b) Onerous Contracts (New Hope)

New Hope has recognised a provision for an onerous take or pay rail contract as a result of the wind down of its Queensland Mining operations. This contract ends in December 2021. The balance of the provision as at 31 January 2021 was \$29,786,000.

Notes to the Consolidated Financial Statements

13. Contributed equity

	31 January 2021 \$'000	31 July 2020 \$'000
Current liabilities		
Fully paid ordinary shares	43,232	43,232
Convertible notes	5,634	-
	<u>48,866</u>	<u>43,232</u>

Convertible notes

On 29 January 2021, the Parent Entity issued convertible notes with an aggregate principal amount of \$225,000,000. 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. The remainder of the proceeds net of transaction costs, being \$5,634,000, has been recognised in shareholders' equity.

There has been no movement in the number of these convertible notes since the issue date. Refer to note 11 Interest bearing liabilities for further detail.

14. Deferred tax liabilities

	31 January 2021 \$'000	31 July 2020 \$'000
Non-current liability		
Deferred tax liabilities	<u>649,310</u>	<u>672,843</u>
Opening balance	672,843	422,445
Deferred tax on movements in associates' carrying values	13,101	(23,474)
Subsidiaries' timing differences	(1,530)	(52,377)
Deferred tax on revaluation of long term equity investments	(35,647)	(19,461)
Transfer of equity accounted associates to long term equity investments	-	345,710
Other	543	-
Closing balance	<u>649,310</u>	<u>672,843</u>

Notes to the Consolidated Financial Statements

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

	31 January 2021 \$'000	31 January 2020 \$'000
Profit after tax for the year	39,857	85,928
Adjustments for non-cash items:		
Depreciation and amortisation	121,949	125,330
Amortisation of transaction costs	1,159	1,038
Gain on deemed disposal of equity accounted associates	(7,373)	(5,348)
Gain on associate reserves recycled back through profit and loss	(3,643)	-
Gain on fair value of biological assets	(4,611)	(3,061)
Gain on revaluation of investment property	(3,600)	-
Loss on sale of investment property	873	-
Net loss on disposals of property, plant and equipment	172	-
Loss/(gain) on sale of other investments	39	(3,020)
Gain on trading equities fair value through profit or loss	(46,860)	(26,334)
Expected credit loss allowance	1,370	-
Impairment expense	16,406	88,947
Write off loan and interest to external party	16,501	-
Net foreign exchange loss/(gain)	2,171	(1,886)
Non-cash acquisition costs expensed	-	893
Non-cash share based payments	1,227	1,177
Unwinding of interest on deferred purchase consideration	501	1,114
Share of losses/(profits) of associates not received as dividends or distributions	8,740	(34,280)
Other non-cash items	571	5,049
Changes in operating assets and liabilities, net of effects from purchase and sales of business:		
Decrease/(increase) in trade debtors, other debtors and prepayments	387	(28,398)
Increase in inventory	(23,239)	(23,164)
Increase in financial assets held for trading	(49,347)	(19,435)
Increase in forward overburden and stripping costs	-	(10,942)
Increase/(decrease) in trade creditors and accruals	16,537	(7,172)
Increase in employee entitlements and provisions	21,800	4,511
Increase in current tax asset	(24,661)	(12,527)
Decrease/(increase) in deferred tax asset	42,459	(39,039)
Decrease in current tax liability	(1,079)	(8,385)
Decrease/(increase) in deferred tax liability	(20,955)	9,852
Net cash inflow from operating activities	107,351	100,848

Notes to the Consolidated Financial Statements

16. Fair value measurement

Fair value hierarchy

Judgements and estimates are made in determining the fair values of assets and liabilities. To provide an indication of the reliability of the inputs used in determining fair value, the Consolidated Entity categorises each asset and liability into one of the following three levels as prescribed by accounting standards:

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

Valuation techniques

Listed equities

The fair value of listed equities and hybrid instruments is based on quoted market prices, being the last sale price, at the reporting date. Listed equities are traded in an active market with the majority of the Consolidated Entity's investments being publicly traded on the Australian Securities Exchange.

Unlisted equities

In the absence of an active market for unlisted equities, the Consolidated Entity selects and uses one or more valuation techniques to measure the fair value of these unlisted equities.

The Consolidated Entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The following valuation techniques are used by the Consolidated Entity:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets including ongoing discussions with potential purchasers.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including the assumptions about risk. When selecting a valuation technique, the Consolidated Entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Investment Properties

Two investment properties were independently externally valued as at 31 January 2021. The independent, qualified valuers engaged in the valuation process experienced challenges regarding the continued uncertainties of Covid-19 and its potential impact on property fair values. This has resulted in the insertion of a 'significant valuation uncertainty' clause in each independent valuation report. The clause continues to imply that valuations are current at valuation date only, and less certainty and a higher degree of caution should be attached to the valuation. Estimated fair values may change significantly and unexpectedly over a relatively short period.

Notes to the Consolidated Financial Statements

16. Fair value measurement (continued)

Fair value measurement

The following table presents the Group's assets and liabilities measured and recognised at fair value as at 31 January 2021 and 31 July 2020.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 January 2021				
Financial assets				
Financial assets held for trading	358,164	-	26,818	384,982
Long term equity investments	2,381,296	74,947	36,425	2,492,668
Derivatives financial instruments	-	46,403	-	46,403
Non-financial assets				
Investment properties	-	-	80,326	80,326
Total assets	2,739,460	121,350	143,569	3,004,379
As at 31 July 2020				
Financial assets				
Financial assets held for trading	267,122	-	24,092	291,214
Long term equity investments	2,502,944	74,686	38,464	2,616,094
Derivatives financial instruments	-	54,764	-	54,764
Non-financial assets				
Investment properties	-	-	75,724	75,724
Total assets	2,770,066	129,450	138,280	3,037,796

Notes to the Consolidated Financial Statements

16. Fair value measurement (continued)

Fair value measurement using significant unobservable inputs (level 3)

The following table presents the change in level 3 items for the half year ended 31 January 2021 and year ended 31 July 2020:

	Financial assets held for trading \$'000	Long-term equity investments \$'000	Investment properties \$'000	Total \$'000
Opening balance at 1 August 2019	16,198	31,169	106,281	153,648
Acquisitions	2,733	4,109	437	7,279
Disposals	-	(14)	(3,757)	(3,771)
Gain recognised in other income-unrealised	5,161	-	38	5,199
Gain recognised in other comprehensive income - unrealised	-	3,200	-	3,200
Transfer to held-for-sale asset	-	-	(27,275)	(27,275)
Closing balance at 31 July 2020	24,092	38,464	75,724	138,280
Acquisitions	2,500	2,432	1,002	5,934
Disposals	-	(4,471)	-	(4,471)
Transfer from Financial assets held for trading (listed)	(1,283)	-	-	(1,283)
Gain recognised in other comprehensive income - unrealised	1,509	-	3,600	5,109
Closing balance at 31 January 2021	26,818	36,425	80,326	143,569

17. Commitments

	31 January 2021 \$'000	31 July 2020 \$'000
Capital commitments		
Capital expenditure contracted for at period end but not recognised as liabilities is as follows:		
Within one year	99,918	111,178
One to five years	18,923	34,613
More than five years	3,088	3,262
	121,929	149,053

Capital commitments include contracted management services for mining services, exploration permits and acquisition of property, plant and equipment.

Other than the above, there are no material changes to the commitments of the Group since 31 July 2020.

Notes to the Consolidated Financial Statements

18. Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities for which no provision is included in the accounts, are as follows:

	31 January 2021 \$'000	31 July 2020 \$'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	27,864	37,002
Undertakings and guarantees issued by the bankers of the Bengalla Joint Venture (of which a subsidiary is a party) for rail and port suppliers ¹	-	13,669
	<u>27,864</u>	<u>50,671</u>

¹ During the period to 31 January 2021 the participants have assumed responsibility for providing guarantees directly to rail and port suppliers

Details and estimates of other contingent liabilities for which no provisions are included in the accounts, are as follows:

New Hope and its subsidiaries (Deed of Cross Guarantee proceedings)

A summary of key events pertaining to Deed of Cross Guarantee proceedings is detailed in the 2020 Annual Report.

New Hope has previously announced that the Liquidators appointed to Northern Energy Corporation ("NEC") and Colton Coal Pty Limited ("Colton") have been investigating whether potential claims exist against New Hope or former directors and officers of NEC and Colton. On 23 March 2021, New Hope advised the Australian Securities Exchange of press reports indicating that the Liquidators of NEC and Colton intend to commence proceedings against New Hope and certain former directors and officers of NEC and Colton in connection with alleged voidable transaction, insolvent trading, asset transfers and breaches of directors' duties, in respect of claims the Liquidators estimate to be valued at \$174,100,000 plus interest and costs. Although, as of the date of this half year financial report New Hope has not been served with any proceedings, New Hope intend to defend vigorously any proceedings that are commenced.

19. Covid-19 impact on operations and financial statements

During the current half year, the Coronavirus (Covid-19) continued to have a significant impact on local and world economies. It has impacted the financial position and financial performance of the Consolidated Entity and may affect the future financial performance of the Consolidated Entity.

The majority of the Consolidated Entity's investments operated uninterrupted, 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 during the six months to 31 January 2021 were as follows:

- Changes to demand resulting in higher commodity prices, in particular, increased average realised prices achieved for thermal coal, copper and zinc. Since August 2020, copper and zinc prices have significantly improved. In contrast, realised thermal coal prices declined over the August 2020 to November 2020 period, before rebounding in December and January 2021. An appreciating Australian dollar has partly offset the gains from the increase in commodity prices.
- The impact of reduced sales volumes of major product lines, both in response to market demand and in response to government directives. For example, a reduction in demand for thermal coal from markets such as India and regulatory changes in China favouring its domestic coal producers.
- The Consolidated Entity has not needed to grant any material deferrals or waiver of rents received from its investment properties.
- 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.

Notes to the Consolidated Financial Statements

19. Covid-19 impact on operations and financial statements (continued)

- Receipt of Federal Government JobKeeper support for two operating businesses in the WHSP investment portfolio of \$6,006,000 comprising New Hope (\$5,006,000) and a subsidiary operating a network of swimming schools (\$1,000,000). For the swimming schools operation, the support was received for periods where Covid-19 restrictions shut down or severely restricted operations. New Hope received support for the period where Covid-19 disrupted the global thermal coal market, reducing consumption and substantially lowering prices.

20. Events after the reporting period

New Hope (New Acland Stage 3)

On 3 February 2021, the High Court of Australia upheld the appeal by Oakey Creek Action Alliance against New Hope in respect of the orders issued by the Queensland Court of Appeal given on 1 November 2019.

The High Court ordered the matter to be re-heard in the Queensland Land Court. This land court hearing is now reserved to be heard on 3 November 2021. Refer to note 3(c).

Deed of Cross Guarantee

Refer to note 18 for an update to the Deed of Cross Guarantee proceedings subsequent to the reporting period.

21. Other significant information

Please refer to the Chairman's Review and Review of Group Entities contained in this report.

Washington H. Soul Pattinson and Company Limited

A.B.N. 49 000 002 728

Directors' Declaration

In the opinion of the Directors of the Company:

1. the financial statements and notes, as set out on pages 25 to 65, are in accordance with the Corporations Act 2001, including:
 - a) complying with Accounting Standards and the Corporations Regulations 2001;
 - b) giving a true and fair view of the financial position as at 31 January 2021 and the performance for the half year ended on that date of the Consolidated Entity;
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



R.D. Millner
Director



T.J. Barlow
Managing Director

Dated this 25th day of March 2021

Independent Auditor's Review Report to the Members of Washington H. Soul Pattinson and Company Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Washington H. Soul Pattinson and Company Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 January 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 January 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

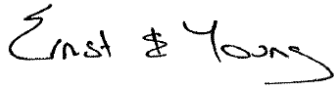
Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 January 2021 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

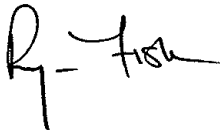
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Ryan Fisk
Partner
Sydney
25 March 2021