

22 February 2022

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

APPENDIX 4D AND HALF YEAR FINANCIAL REPORT

Seven Group Holdings Limited (ASX: SVW) attaches the Appendix 4D and Half Year Financial Report for the half year ended 31 December 2021.

This release has been authorised to be given to ASX by the Board of Seven Group Holdings Limited.

For further information, please contact:

Mark Ley
Head of Investor Relations and Communications
M: 0411 139 134
E: mley@sevengroup.com.au

Seven Group Holdings Limited (SGH) is a leading Australian diversified operating and investment group with market leading businesses and investments in industrial services, media and energy. In industrial services, WesTrac Group is the sole authorised Caterpillar dealer in Western Australia, New South Wales and the Australian Capital Territory. WesTrac is one of Caterpillar's top dealers globally (by sales value). SGH owns Coates, Australia's largest nationwide industrial and general equipment hire business. SGH also has a 69.6% shareholding in Boral, a leading building products and construction materials group. In energy, SGH has a 30.0% shareholding in Beach Energy and has interests in oil and gas projects in Australia and the United States. In media, SGH has a 39.19% shareholding in Seven West Media, one of Australia's largest multiple platform media companies, including the Seven Network, 7plus and The West Australian.

WesTrac

Coates

BORAL

7uu

SGH | Energy

Seven Group Holdings Limited | A BN 46 142 003 469

Level 30, 175 Liverpool Street, Sydney NSW 2000 | Postal Address: PO Box 745, Darlinghurst NSW 1300

Telephone +61 2 8777 7574

Appendix 4D

Results for the
half-year ended
31 December 2021



SGH | Industrial Services, Media,
Energy and Investments



CONTENTS

Appendix 4D Half-Year Report	3
Underlying Trading Performance	4
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Cash Flow Statement	8
Notes to the Consolidated Financial Statements	9
Directors' Report	37
Auditor's Independence Declaration	38
Directors' Declaration	39
Independent Auditor's Review Report	40

Appendix 4D - Half-Year Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

ABN 46 142 003 469

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

REPORTED				\$m
Revenue				
Revenue from ordinary activities (continuing operations)	up	67.8%	to	3,956.0
Revenue from discontinued operations	up	>100%	to	883.3
Net profit from ordinary activities after income tax attributable to members	up	199.2%	to	1,083.8
Net profit for the period attributable to members	up	224.4%	to	1,175.0

UNDERLYING				\$m
Revenue				
Revenue from ordinary activities (continuing operations)	up	67.8%	to	3,956.0
Revenue from discontinued operations	up	>100%	to	883.3
Net profit before net finance expense and income tax				
From ordinary activities (continuing operations)	up	28.9%	to	510.9
From discontinued operations	up	>100%	to	154.7
Net profit for the period attributable to members	up	48.2%	to	366.1

DIVIDENDS		
Ordinary shares	Amount per security	Franked amount per security
Interim	23 cents	23 cents
Record date for determining entitlements to the dividend		5.00pm on 13 April 2022
Date the interim dividend is payable		6 May 2022

NET TANGIBLE ASSET BACKING

Net tangible asset backing per ordinary share: \$3.86 (June 2021 restated: \$6.67).

This has been calculated by dividing the net assets (including ROU assets) attributable to equity holders of the Company less intangible assets by the number of ordinary shares at 31 December 2021.

COMMENTARY ON RESULTS

Detailed commentary on the results for the period is contained in the press release dated 22 February 2022 accompanying this Report. This Report should be read in conjunction with the 2021 Annual Report and any public announcements made by the Company in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

ENTITIES OVER WHICH CONTROL, JOINT CONTROL OR SIGNIFICANT INFLUENCE WAS GAINED OR LOST DURING THE PERIOD

Entities over which control was gained - Boral Limited

On 7 July 2021, a wholly-owned subsidiary of Seven Group Holdings Limited acquired additional shares in Boral Limited (Boral) and obtained control over Boral. By 29 July 2021, the Group had acquired a 69.6 per cent interest. Boral's results have been consolidated into the Group's result during the period. Refer to Note 18: Business Combinations for further detail.

Boral's continuing operations contributed \$12.5 million in net profit from ordinary activities (continuing operations) after income tax for the half-year ended 31 December 2021 (December 2020: \$42.4 million).

Refer to Note 17: Controlled Entities for a list of entities over which control was gained.

Entities over which control was lost

In October 2021, Boral disposed of a number of controlled entities. Refer to Note 19: Discontinued Operations for further detail. Refer to Note 17: Controlled Entities for a list of entities over which control was lost.

Entities over which joint control or significant influence was gained or lost

Refer to Note 8: Investments Accounted for Using the Equity Method for details of entities arising from the Boral acquisition.

Appendix 4D - Half-Year Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
ABN 46 142 003 469
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET UNDERLYING TRADING PERFORMANCE

	Underlying trading performance ^(a)			Significant items ^(b)			Reported statutory results		
	Cont	Discont	Total	Cont	Discont	Total	Cont	Discont	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
HALF-YEAR ENDED 31 DECEMBER 2021									
Revenue	3,956.0	883.3	4,839.3	-	-	-	3,956.0	883.3	4,839.3
Other income	24.5	-	24.5	5.4	-	5.4	29.9	-	29.9
Share of results from equity accounted investees	127.4	7.4	134.8	(3.2)	-	(3.2)	124.2	7.4	131.6
Revaluation of equity accounted interest on acquisition of Boral Limited	-	-	-	756.8	-	756.8	756.8	-	756.8
Impairment reversal of equity accounted investee	-	-	-	76.2	-	76.2	76.2	-	76.2
Net gain on sale of discontinued operations	-	-	-	-	30.8	30.8	-	30.8	30.8
Expenses excluding depreciation and amortisation	(3,358.6)	(736.0)	(4,094.6)	(53.3)	(9.3)	(62.6)	(3,411.9)	(745.3)	(4,157.2)
Profit before depreciation, amortisation, net finance expense and tax	749.3	154.7	904.0	781.9	21.5	803.4	1,531.2	176.2	1,707.4
Depreciation and amortisation	(238.4)	-	(238.4)	1.7	-	1.7	(236.7)	-	(236.7)
Profit before net finance expense and income tax	510.9	154.7	665.6	783.6	21.5	805.1	1,294.5	176.2	1,470.7
Net finance expense	(127.8)	(3.2)	(131.0)	(8.1)	-	(8.1)	(135.9)	(3.2)	(139.1)
Profit before income tax	383.1	151.5	534.6	775.5	21.5	797.0	1,158.6	173.0	1,331.6
Income tax expense	(80.7)	(44.2)	(124.9)	12.6	2.2	14.8	(68.1)	(42.0)	(110.1)
Profit for the period	302.4	107.3	409.7	788.1	23.7	811.8	1,090.5	131.0	1,221.5
Profit for the period attributable to:									
Equity holders of the Company	291.4	74.7	366.1	792.4	16.5	808.9	1,083.8	91.2	1,175.0
Non-controlling interest	11.0	32.6	43.6	(4.3)	7.2	2.9	6.7	39.8	46.5
Profit for the period	302.4	107.3	409.7	788.1	23.7	811.8	1,090.5	131.0	1,221.5
EARNINGS PER SHARE	\$	\$	\$				\$	\$	\$
Basic earnings per share	0.80	0.21	1.01				2.99	0.25	3.24
Diluted earnings per share	0.80	0.20	1.00				2.97	0.25	3.22
HALF-YEAR ENDED 31 DECEMBER 2020 (Restated^a)									
Revenue	2,357.4	-	2,357.4	-	-	-	2,357.4	-	2,357.4
Other income	11.5	-	11.5	-	-	-	11.5	-	11.5
Share of results from equity accounted investees	87.8	-	87.8	11.4	-	11.4	99.2	-	99.2
Impairment reversal of equity accounted investee	-	-	-	103.8	-	103.8	103.8	-	103.8
Expenses excluding depreciation and amortisation	(1,930.1)	-	(1,930.1)	-	-	-	(1,930.1)	-	(1,930.1)
Profit before depreciation, amortisation, net finance expense and tax	526.6	-	526.6	115.2	-	115.2	641.8	-	641.8
Depreciation and amortisation	(130.2)	-	(130.2)	-	-	-	(130.2)	-	(130.2)
Profit before net finance expense and income tax	396.4	-	396.4	115.2	-	115.2	511.6	-	511.6
Net finance expense	(79.9)	-	(79.9)	-	-	-	(79.9)	-	(79.9)
Profit before income tax	316.5	-	316.5	115.2	-	115.2	431.7	-	431.7
Income tax expense	(67.7)	-	(67.7)	-	-	-	(67.7)	-	(67.7)
Profit for the period	248.8	-	248.8	115.2	-	115.2	364.0	-	364.0
Profit for the period attributable to:									
Equity holders of the Company	247.0	-	247.0	115.2	-	115.2	362.2	-	362.2
Non-controlling interest	1.8	-	1.8	-	-	-	1.8	-	1.8
Profit for the period	248.8	-	248.8	115.2	-	115.2	364.0	-	364.0
EARNINGS PER SHARE	\$	\$	\$				\$	\$	\$
Basic earnings per share	0.73	-	0.73				1.07	-	1.07
Diluted earnings per share	0.73	-	0.73				1.06	-	1.06

^a Amounts have been restated. Refer to Note 1 for further detail.

(a) Underlying trading performance is comprised of reported statutory results less significant items. This is separately disclosed and reconciled to statutory performance to assist users in understanding the financial performance of the Group.

(b) Detailed information regarding the composition of significant items is provided in Note 3: Significant Items.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

			Restated [^]
		Dec 21	Dec 20
	Note	\$m	\$m
CONTINUING OPERATIONS			
Revenue	4	3,956.0	2,357.4
OTHER INCOME			
Dividend income		0.6	2.6
Other		29.3	8.9
Total other income		29.9	11.5
Share of results from equity accounted investees	8	124.2	99.2
Revaluation of equity accounted interest on acquisition of Boral Limited	3	756.8	-
Impairment reversal of equity accounted investee	3	76.2	103.8
Expenses excluding depreciation and amortisation	4	(3,411.9)	(1,930.1)
Profit before depreciation and amortisation, net finance expense and income tax		1,531.2	641.8
Depreciation and amortisation		(236.7)	(130.2)
Profit before net finance expense and income tax		1,294.5	511.6
Finance income	5	1.4	0.5
Finance expense	5	(137.3)	(80.4)
Net finance expense		(135.9)	(79.9)
Profit before income tax		1,158.6	431.7
Income tax expense	6	(68.1)	(67.7)
Profit for the period from continuing operations		1,090.5	364.0
Profit for the period from discontinued operations	19	131.0	-
Profit for the period		1,221.5	364.0
Profit for the period attributable to:			
Equity holders of the Company		1,175.0	362.2
Non-controlling interest		46.5	1.8
Profit for the period		1,221.5	364.0
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Net change in fair value of financial assets at fair value through other comprehensive income		(122.4)	146.0
Income tax relating to items that will not be reclassified subsequently to profit or loss	6	27.0	33.9
Total items that will not be reclassified subsequently to profit or loss		(95.4)	179.9
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges: effective portion of changes in fair value		(3.8)	(8.6)
Foreign currency differences for foreign operations		67.7	(27.3)
Foreign currency translation reserve transferred to profit and loss		(29.8)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	6	7.2	2.0
Total items that may be reclassified subsequently to profit or loss		41.3	(33.9)
Total comprehensive income for the period		1,167.4	510.0
Total comprehensive income for the period attributable to:			
Equity holders of the Company		1,110.0	508.2
Non-controlling interest		57.4	1.8
Total comprehensive income for the period		1,167.4	510.0
EARNINGS PER SHARE (EPS)			
		\$	\$
From continuing operations			
Basic earnings per share	7	2.99	1.07
Diluted earnings per share	7	2.97	1.06
From continuing and discontinued operations			
Basic earnings per share	7	3.24	1.07
Diluted earnings per share	7	3.22	1.06

[^] Amounts have been restated. Refer to Note 1 for further detail.

The Consolidated Statement of Profit or Loss & Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
AS AT 31 DECEMBER 2021

	Note	Dec 21 \$m	Jun 21 \$m
CURRENT ASSETS			
Cash and cash equivalents		3,766.8	160.9
Trade and other receivables		1,315.1	832.3
Inventories		1,228.4	804.2
Current tax assets		23.7	-
Other current assets		120.9	39.6
Derivative financial instruments	14	14.1	0.7
Assets classified as held for sale	20	1,352.2	5.0
Total current assets		7,821.2	1,842.7
NON-CURRENT ASSETS			
Other receivables		24.0	-
Inventories		338.0	-
Investments accounted for using the equity method	8	1,685.1	2,787.4
Other financial assets		200.5	436.5
Right of use assets		743.6	595.0
Property, plant and equipment		3,185.2	967.2
Producing and development assets	9	112.2	112.2
Exploration and evaluation assets	10	241.6	239.0
Intangible assets		2,867.5	1,627.4
Deferred tax assets		183.0	-
Other non-current assets		25.4	-
Derivative financial instruments	14	158.2	147.9
Total non-current assets		9,764.3	6,912.6
Total assets		17,585.5	8,755.3
CURRENT LIABILITIES			
Trade and other payables		848.7	585.3
Lease liabilities		88.8	49.4
Interest bearing loans and borrowings	12	3,677.9	804.0
Deferred income		141.1	159.9
Current tax liability		23.6	29.9
Provisions		71.3	30.1
Employee benefits		191.1	89.7
Derivative financial instruments	14	2.2	15.6
Liabilities classified as held for sale	20	395.8	-
Total current liabilities		5,440.5	1,763.9
NON-CURRENT LIABILITIES			
Other payables		1.3	0.8
Lease liabilities		907.5	785.7
Interest bearing loans and borrowings	12	4,210.4	1,628.4
Deferred tax liabilities		639.2	383.9
Provisions		321.3	70.1
Employee benefits		14.2	6.7
Derivative financial instruments	14	65.0	50.2
Total non-current liabilities		6,158.9	2,925.8
Total liabilities		11,599.4	4,689.7
Net assets		5,986.1	4,065.6
EQUITY			
Contributed equity	15	3,411.9	3,405.2
Reserves		(1,476.4)	(599.8)
Retained earnings		2,335.0	1,243.5
Total equity attributable to equity holders of the Company		4,270.5	4,048.9
Non-controlling interest		1,715.6	16.7
Total equity		5,986.1	4,065.6

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

HALF-YEAR ENDED 31 DECEMBER 2021	Note	Contributed equity \$m	Reserves \$m	Retained earnings \$m	Total \$m	Non-controlling interest \$m	Total equity \$m
Balance as at 1 July 2021		3,405.2	(599.8)	1,243.5	4,048.9	16.7	4,065.6
Profit for the period		-	-	1,175.0	1,175.0	46.5	1,221.5
Net change in fair value of financial assets measured at fair value through OCI		-	(121.9)	-	(121.9)	(0.5)	(122.4)
Cash flow hedges: effective portion of changes in fair value		-	(4.1)	-	(4.1)	0.3	(3.8)
Foreign currency differences for foreign operations		-	49.3	-	49.3	18.4	67.7
Recycling of foreign currency translation		-	(20.7)	-	(20.7)	(9.1)	(29.8)
Income tax on items of OCI		-	32.4	-	32.4	1.8	34.2
Total comprehensive income for the period		-	(65.0)	1,175.0	1,110.0	57.4	1,167.4
Transactions with owners recognised directly in equity							
Ordinary dividends paid	16	-	-	(83.5)	(83.5)	(1.0)	(84.5)
Non-controlling interest on acquisition of controlled entities	18	-	-	-	-	3,224.6	3,224.6
Acquisition of non-controlling interest		-	(808.8)	-	(808.8)	(1,582.1)	(2,390.9)
Shares vested and transferred to employees		6.7	(6.7)	-	-	-	-
Share based payments		-	3.9	-	3.9	-	3.9
Total distributions to owners		6.7	(811.6)	(83.5)	(888.4)	1,641.5	753.1
Total movement in equity for the period		6.7	(876.6)	1,091.5	221.6	1,698.9	1,920.5
Balance as at 31 December 2021		3,411.9	(1,476.4)	2,335.0	4,270.5	1,715.6	5,986.1

HALF-YEAR ENDED 31 DECEMBER 2020

Balance as at 1 July 2020 (restated[^])		2,878.4	(788.6)	763.0	2,852.8	14.2	2,867.0
Profit for the period (restated [^])		-	-	362.2	362.2	1.8	364.0
Net change in fair value of financial assets measured at fair value through OCI		-	146.0	-	146.0	-	146.0
Cash flow hedges: effective portion of changes in fair value		-	(8.6)	-	(8.6)	-	(8.6)
Foreign currency differences for foreign operations		-	(27.3)	-	(27.3)	-	(27.3)
Income tax on items of OCI		-	35.9	-	35.9	-	35.9
Total comprehensive income for the period		-	146.0	362.2	508.2	1.8	510.0
Transactions with owners recognised directly in equity							
Ordinary dividends paid	16	-	-	(71.3)	(71.3)	(0.7)	(72.0)
Shares vested and transferred to employees		12.0	(12.0)	-	-	-	-
Share based payments		-	1.8	-	1.8	-	1.8
Total distributions to owners		12.0	(10.2)	(71.3)	(69.5)	(0.7)	(70.2)
Total movement in equity for the period		12.0	135.8	290.9	438.7	1.1	439.8
Balance as at 31 December 2020		2,890.4	(652.8)	1,053.9	3,291.5	15.3	3,306.8

[^] Amounts have been restated. Refer to Note 1 for further detail.

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

Consolidated Cash Flow Statement

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	Dec 21 \$m	Restated^ Dec 20 \$m
CASH FLOWS RELATED TO OPERATING ACTIVITIES			
Receipts from customers		5,209.0	2,542.5
Payments to suppliers and employees		(4,756.0)	(2,187.9)
Dividends and distributions received from equity accounted investees	8	14.0	6.5
Other dividends received		0.6	5.4
Interest and other items of a similar nature received		1.5	0.3
Interest and other costs of finance paid		(125.1)	(64.3)
Income taxes paid		(80.9)	(74.1)
Restructure and transaction costs paid		(41.6)	-
Net operating cash flows	11	221.5	228.4
CASH FLOWS RELATED TO INVESTING ACTIVITIES			
Payments for purchases of property, plant and equipment		(200.9)	(92.9)
Proceeds from sale of property, plant and equipment		21.7	15.0
Payments for purchase of intangible assets		(4.0)	(3.7)
Payments for production, development and exploration assets		(2.6)	(1.4)
Payments for other investments		(0.8)	(5.3)
Proceeds from sale of other financial assets		120.0	6.6
Proceeds from sale of controlled entities, net of cash disposed		3,053.5	-
Acquisition of controlled entities, net of cash acquired and transaction costs	18	552.7	-
Acquisition of equity accounted investee		(1,218.3)	(422.1)
Net investing cash flows		2,321.3	(503.8)
CASH FLOWS RELATED TO FINANCING ACTIVITIES			
Ordinary dividends paid	16	(83.5)	(71.3)
Acquisition of non-controlling interests		(2,159.9)	-
Dividends paid to non-controlling interests		(1.0)	(0.7)
Proceeds from borrowings		4,623.2	1,280.6
Repayment of borrowings		(1,239.0)	(921.9)
Repayment of lease liabilities		(64.5)	(28.6)
Net financing cash flows		1,075.3	258.1
Net increase/(decrease) in cash and cash equivalents		3,618.1	(17.3)
Cash and cash equivalents at beginning of the period		160.9	119.8
Effect of exchange rate changes on cash and cash equivalents		(12.2)	1.7
Cash and cash equivalents at end of the period		3,766.8	104.2

^ Amounts have been restated. Refer to Note 1 for further detail.

The Consolidated Cash Flow Statement is to be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

1. BASIS OF PREPARATION

Seven Group Holdings Limited (the Company) is a for-profit company limited by shares and the shares are publicly traded on the Australian Securities Exchange (ASX). The Company is domiciled in Australia. These consolidated financial statements cover the half-year ended 31 December 2021 (Consolidated Interim Financial Report) and comprise the Company and its controlled entities (together referred to as the Group), and the Group's interest in equity accounted investees.

The Consolidated Interim Financial Report was authorised for issue in accordance with a resolution of the Directors on 22 February 2022.

The Consolidated Interim Financial Report is a general purpose financial report. It has been prepared in accordance with the *Corporations Act 2001* and with International Accounting Standard IAS 34: *Interim Financial Reporting*. International Financial Reporting Standards (IFRSs) form the basis of Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The Consolidated Interim Financial Report should be read in conjunction with the 2021 Annual Report and considered with any public announcements made by the Company during the half-year ended 31 December 2021 in accordance with the continuous disclosure obligations of the ASX Listing rules. A copy of the 2021 Annual Report is available from the Company on request or at www.sevengroup.com.au.

The Consolidated Interim Financial Report does not include all of the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and, financing and investing activities of the Group as a full annual financial report.

The Consolidated Interim Financial Report is presented in Australian Dollars, which is the functional currency of the Group and is prepared on the historical cost basis except for the following items:

- financial instruments that are measured at amortised cost or fair value through other comprehensive income;
- derivative financial instruments are measured at fair value through profit or loss; and
- liabilities for cash-settled share based payments are measured at fair value through profit or loss.

The Company is of a kind referred to in ASIC Instrument 2016/191 and in accordance with that Instrument, amounts in the Directors' Report and the Consolidated Interim Financial Report are rounded off to the nearest whole number of million of dollars and one place of decimals representing hundreds of thousands of dollars unless otherwise stated.

Certain comparative amounts in this financial report have been reclassified to conform to the current period's presentation. In particular:

- As outlined in Note 1(G) of the Group's 2021 Annual Report, the Group amended its accounting policy in relation to capitalisation of cloud computing software. The amendment required such costs to be expensed to the profit or loss as incurred, rather than capitalised as an Intangible asset. The policy change was applied retrospectively and comparatives restated. The Group applied the Interpretation on cloud computing with effect from 1 July 2019, with the following comparatives restated, as well as the relevant Segment EBIT and EBITDA and earnings per share.

	Reported Dec 20 \$m	Adjustment Dec 20 \$m	Restated Dec 20 \$m
Share of results of equity accounted investees	98.6	0.6	99.2
Impairment reversal of equity accounted investee	104.0	(0.2)	103.8
Expenses excluding depreciation and amortisation	(1,929.6)	(0.5)	(1,930.1)
Depreciation and amortisation	(130.4)	0.2	(130.2)
Profit before net finance expense and income tax	511.5	0.1	511.6
Payments to suppliers and employees	(2,187.4)	(0.5)	(2,187.9)
Payments for purchase of intangible assets	(4.2)	0.5	(3.7)
Net cash flow	(17.3)	-	(17.3)

- Certain comparative figures for an immaterial operating segment have been reclassified in Note 2: Operating Segments to align with current period presentation. Refer to Note 2: Operating Segments for further detail.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

1. BASIS OF PREPARATION (CONTINUED)

(A) NEW OR AMENDED ACCOUNTING POLICIES

Except for changes as a result of the acquisition of Boral as outlined below, the Consolidated Interim Financial Report has been prepared using accounting policies that are consistent with those that were applied by the Group and disclosed in the 2021 Annual Report.

Revenue recognition - Building materials sales

Revenue from the sale of goods is recognised at the point in time the customer obtains control of the goods, which is typically at the time of delivery to the customer.

Revenue recognition - Contracting businesses

Revenue from contracting businesses is recognised progressively over the period of time the performance obligation is fulfilled and the customer obtained control of the goods being provided in the contract, with the Group having a right to payment for performance to date. The Group predominantly uses the output method based on volumes delivered, to determine the amount of revenue to recognise in a given period.

When estimating a transaction price, variable consideration is considered, which typically relates to claims or variations submitted in connection with the performance of a contract. Assumptions are made in order to determine the amount of variable consideration that can be recognised, including assessing whether the variable consideration is constrained. Claims and variations are included to the extent that they are approved, or if not approved, are estimated whilst also considering the constraint requirement.

Revenue recognition - Rendering of services

Revenue from the rendering of services is allocated across each service or performance obligation based on their stand-alone selling price, and recognised as the service or performance obligation is performed.

Revenue recognition - Bundling of performance obligations

Contracts with customers, particularly in concrete and asphalt, may contain revenue items for ancillary services such as mobilisation and demobilisation of plant, concrete testing and other related services. These services are typically combined into the core performance obligation of delivering concrete, or the supply and lay of asphalt. On occasion, ancillary services may be deemed to have a stand-alone value to the customer, and are accounted for as a separate performance obligation.

Depreciation - Quarry stripping assets, mineral reserves and licences

Quarry stripping assets are amortised over the expected life of the identified resources using the units of production method. The depreciation and amortisation rates used for these class of asset are as follows:

Mineral reserves and licences	2.4% to 5.0%
-------------------------------	--------------

Inventory - Land

For land development projects, cost includes the cost of acquisition, development and holding costs during development. Costs incurred after completion of development are expensed as incurred.

Provisions - Claims

Provisions are raised for liabilities arising from the ordinary course of business, in relation to claims against the Group, including insurance, workers compensation insurance, legal and other claims. Where recoveries are considered virtually certain in respect of such claims, these are included in other receivables.

Provisions - Restoration and environmental rehabilitation

The restoration and environmental rehabilitation provisions comprise mainly:

- makegood provisions included in lease agreements for which the Group has a legal or constructive obligation; and
- restoration and decommissioning costs associated with environmental risks.

At a number of sites, there are restoration and environmental rehabilitation requirements of areas from which natural resources were extracted. The provision includes costs associated with the clean-up of sites the Group owns, or contamination that the Group caused, to enable ongoing use of the land as an industrial property or development to a higher value end use, and costs associated with the decommissioning, removal or repair of sites.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

1. BASIS OF PREPARATION (CONTINUED)

(B) NEW OR AMENDED ACCOUNTING STANDARDS

The Group has no transactions that are affected by newly effective Australian Accounting Standards and Australian Accounting Standards Board Interpretations or its accounting policies are already consistent with the new requirements.

(C) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires that management make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. Revisions to estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing this Consolidated Interim Financial Report, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation and uncertainty were substantially the same as those applied to the consolidated financial statements as at, and for the year ended, 30 June 2021 except for changes as a result of the acquisition of Boral.

Specifically, the following critical estimates and judgements reconsidered in this reporting period were:

- Revenue recognition - maintenance and repair contracts (MARC)
- Income tax
- Inventory valuation
- Obsolescence of inventory
- Control, joint control or significant influence over equity accounted investees
- Impairment of investments accounted for using the equity method
- Dependency on key suppliers
- Litigation outcomes
- Impairment of intangible assets
- Producing and development assets
- Exploration and evaluation assets
- Provisions - restoration
- Provisions - warranty claims
- Valuation of Right of use assets and
- Lease liabilities
- Environmental risk and regulation
- Fair value adjustments supporting acquisition accounting

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

2. OPERATING SEGMENTS

RECOGNITION AND MEASUREMENT

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's executive management team and Board to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the executive management team and Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, cash and cash equivalents, derivatives, interest bearing loans and borrowings and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, producing and development assets, exploration and evaluation assets and intangible assets other than goodwill.

The operating segments are identified by management based on the manner in which products are sold, the nature of services provided and country of origin.

<i>WesTrac</i>	WesTrac is the authorised Caterpillar dealer in Western Australia, New South Wales and the Australian Capital Territory, providing heavy equipment sales and support to customers.
<i>Coates</i>	Coates is Australia's largest general equipment hire company and provides a full range of general and specialist equipment to a wide variety of markets including engineering, building construction and maintenance, mining and resources, manufacturing, government and events.
<i>Boral</i>	Boral is a domestic building products and construction materials group. In the prior period, Boral segment related to the Group's equity accounted investment in Boral.
<i>Energy</i>	Energy relates to the Group's joint operation in the Bivins Ranch basin in Texas USA, the Group's wholly-owned interest in SGH Energy Pty Limited and the Group's equity accounted investment in Beach Energy Limited (Beach).
<i>Media investments</i>	Media investments relate to investments in listed and unlisted media organisations, including Seven West Media Limited and private equity investments in China.
<i>Other investments</i>	Other investments incorporates listed investments, property and AllightSykes. AllightSykes is a market leader in designing, manufacturing, assembly, distribution and support of mobile lighting towers and Sykes pumps, distribution of FG Wilson generators and dewatering equipment and distribution of Perkins engines.

As disclosed at June 2021, the Group reviewed the composition of reportable segments. The immaterial AllightSykes segment has been reclassified to the Other Investments segment to align with current period presentation and the comparative restated.

The Group is domiciled in Australia and operates predominantly in Australia. Further details of other countries in which the Group operates is provided in this note.

Segment revenues are allocated based on the country in which the customer is located.

Segment non-current assets are allocated to countries based on where the assets are located.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

2. OPERATING SEGMENTS (CONTINUED)

	WesTrac ^(a)		Coates ^(a)		Boral ^{(a)(b)}		Energy		Media investments ^(c)		Other investments		Total	
	Dec 21	Dec 20	Dec 21	Dec 20 [^]	Dec 21	Dec 20 [^]	Dec 21	Dec 20 [^]	Dec 21	Dec 20 [^]	Dec 21	Dec 20 [^]	Dec 21	Dec 20 [^]
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
CONTINUING OPERATIONS														
Segment revenue														
Buildings material sales	-	-	-	-	1,410.5	-	-	-	-	-	-	-	1,410.5	-
Product sales	635.8	615.5	0.3	0.2	-	-	-	-	-	-	27.0	27.6	663.1	643.3
Product support	1,276.4	1,225.5	5.3	5.1	-	-	-	-	-	-	10.2	10.1	1,291.9	1,240.7
Hire of equipment	8.6	6.4	490.0	463.4	-	-	-	-	-	-	-	-	498.6	469.8
Rendering of services	-	-	-	-	37.2	-	-	-	-	-	-	-	37.2	-
Contracting business	-	-	-	-	52.7	-	-	-	-	-	-	-	52.7	-
Oil, gas and condensate sales	-	-	-	-	-	-	2.0	1.2	-	-	-	-	2.0	1.2
Other revenue	-	-	-	-	-	-	-	-	-	-	-	2.4	-	2.4
Sales to external customers	1,920.8	1,847.4	495.6	468.7	1,500.4	-	2.0	1.2	-	-	37.2	40.1	3,956.0	2,357.4
By geographic segment														
Australia	1,920.8	1,847.4	485.4	460.2	1,500.4	-	-	-	-	-	24.6	31.2	3,931.2	2,338.8
International	-	-	10.2	8.5	-	-	2.0	1.2	-	-	12.6	8.9	24.8	18.6
Segment result														
Segment EBITDA ^(d)	243.7	243.8	213.4	201.5	187.3	15.9	66.1	35.4	51.1	38.3	0.4	2.7	762.0	537.6
Depreciation and amortisation	(33.8)	(32.4)	(94.0)	(96.5)	(109.7)	-	-	-	-	-	(0.8)	(1.1)	(238.3)	(130.0)
Segment EBIT^(d)	209.9	211.4	119.4	105.0	77.6	15.9	66.1	35.4	51.1	38.3	(0.4)	1.6	523.7	407.6
Other segment information														
Share of results of equity accounted investees included in segment EBIT ^(e)	-	0.5	-	-	9.7	15.9	66.7	36.6	50.8	35.1	0.2	(0.3)	127.4	87.8
Significant items														
Revaluation of equity accounted investment	-	-	-	-	756.8	-	-	-	-	-	-	-	756.8	-
Impairment reversal of assets	-	-	-	-	-	-	-	-	76.2	103.8	-	-	76.2	103.8
Acquisition and transformation significant items	-	-	-	-	(41.4)	-	-	-	-	-	-	-	(41.4)	-
Share of equity accounted significant items	-	-	-	-	-	(0.5)	-	-	(3.2)	11.9	-	-	(3.2)	11.4
Dilution loss on equity accounted investment	-	-	-	-	-	-	-	-	(10.2)	-	-	-	(10.2)	-
Property segment EBIT	-	-	-	-	5.4	-	-	-	-	-	-	-	5.4	-
Capital expenditure	(17.9)	(13.3)	(67.2)	(68.5)	(122.0)	-	(2.6)	(1.4)	-	-	(1.2)	(0.1)	(210.9)	(83.3)
	Dec 21	Jun 21	Dec 21	Jun 21	Dec 21	Jun 21	Dec 21	Jun 21	Dec 21	Jun 21	Dec 21	Jun 21	Dec 21	Jun 21
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balance sheet														
Investments accounted for using the equity method	33.7	33.7	-	-	172.2	1,440.4	1,059.6	1,000.3	389.8	281.5	29.8	31.5	1,685.1	2,787.4
Other segment assets	2,658.6	2,433.8	2,357.5	2,342.4	5,796.3	-	354.6	351.4	138.4	250.2	138.4	251.4	11,443.8	5,629.2
Segment assets	2,692.3	2,467.5	2,357.5	2,342.4	5,968.5	1,440.4	1,414.2	1,351.7	528.2	531.7	168.2	282.9	13,128.9	8,416.6
Segment liabilities	(1,109.2)	(1,138.2)	(427.5)	(392.0)	(906.2)	(112.6)	(72.4)	(71.2)	-	-	(22.8)	(18.5)	(2,538.1)	(1,732.5)

[^] Amounts have been restated. Refer to Note 1 for further detail.

* Refer to Note 3: Significant Items for further details on significant items.

(a) Segment results have been reduced in relation to the elimination of sales between Group entities.

(b) Boral comprises investments accounted for using the equity method in the prior period.

(c) Media investments comprise investments accounted for using the equity method and financial assets fair valued through other comprehensive income.

(d) Segment EBITDA comprises profit before depreciation and amortisation, net finance expense, income tax and significant items. Segment EBIT comprises profit before net finance expense, income tax and significant items.

(e) Segment EBITDA, EBIT and share of results of equity accounted investees excludes the share of results from equity accounted investees attributable to significant items.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

2. OPERATING SEGMENTS (CONTINUED)

ANALYSIS BY GEOGRAPHICAL AREA

	Segment revenue		Non-current assets ^(a)	
	Dec 21 \$m	Dec 20 \$m	Dec 21 \$m	Jun 21 \$m
CONTINUING OPERATIONS				
Australia	3,931.2	2,338.8	9,044.9	3,527.4
United Arab Emirates	9.6	5.6	3.4	3.2
Indonesia	10.2	8.5	11.8	9.9
United States of America	4.4	3.7	0.6	0.1
New Zealand	0.6	0.8	0.4	0.2
Total by geographical segment	3,956.0	2,357.4	9,061.1	3,540.8

(a) Non-current assets other than financial instruments and deferred tax assets.

SEGMENT RECONCILIATIONS

	Restated [^]	
Reconciliation of segment EBIT to profit before income tax per consolidated statement of profit or loss	Dec 21 \$m	Dec 20 \$m
Segment earnings before interest and tax (EBIT)	523.7	407.6
Corporate operating costs	(12.8)	(11.2)
Share of results from equity accounted investees attributable to significant items	(3.2)	11.4
Impairment reversal of equity accounted investee	76.2	103.8
Revaluation of equity accounted interest on acquisition of Boral	756.8	-
Fair value adjustments on acquisition of Boral	(13.3)	-
Boral property segment EBIT	5.4	-
Loss arising from dilution of investment in equity accounted investee	(10.2)	-
Transaction costs incurred in relation to Boral	(7.3)	-
Boral SAP implementation costs	(14.6)	-
Boral transformation and restructure costs	(6.2)	-
Net finance expense	(135.9)	(79.9)
Profit before income tax per consolidated statement of profit or loss	1,158.6	431.7

[^] Amounts have been restated. Refer to Note 1 for further detail.

Reconciliation of segment operating assets to total assets per consolidated statement of financial position	Dec 21 \$m	Jun 21 \$m
Segment operating assets	13,128.9	8,416.6
Corporate cash holdings	3,766.8	160.9
Current tax assets	23.7	-
Deferred tax assets	183.0	-
Derivative financial instruments	172.3	148.6
Assets held at corporate level	310.8	29.2
Total assets per consolidated statement of financial position	17,585.5	8,755.3

Reconciliation of segment operating liabilities to total liabilities per consolidated statement of financial position	Dec 21 \$m	Jun 21 \$m
Segment operating liabilities	(2,538.1)	(1,732.5)
Interest bearing loans and borrowings - current	(3,677.9)	(804.0)
Interest bearing loans and borrowings - non-current	(4,210.4)	(1,628.4)
Current tax liability	(23.6)	(29.9)
Deferred tax liabilities	(639.2)	(383.9)
Derivative financial instruments	(67.2)	(65.8)
Liabilities held at corporate level	(443.0)	(45.2)
Total liabilities per consolidated statement of financial position	(11,599.4)	(4,689.7)

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ITEMS

Profit before income tax includes the following income and expenses for which disclosure is relevant in explaining the underlying financial performance of the Group.

	Note	Dec 21 \$m	Restated^ Dec 20 \$m
CONTINUING OPERATIONS			
Share of results from equity accounted investees attributable to significant items		(3.2)	11.4
Impairment reversal of equity accounted investee	8	76.2	103.8
Revaluation of equity accounted interest on acquisition of Boral	18	756.8	-
Boral property segment EBIT		5.4	-
Fair value adjustments on acquisition of Boral		(13.3)	-
Loss arising from dilution of investment in equity accounted investee		(10.2)	-
Boral transformation and restructure costs		(6.2)	-
Boral SAP implementation costs		(14.6)	-
Transaction costs incurred in relation to Boral	18	(7.3)	-
Total significant items before net finance expense and income tax - continuing operations		783.6	115.2
Significant items in finance expense		(8.1)	-
Total significant items before income tax - continuing operations		775.5	115.2
Income tax benefit on significant items		12.6	-
Total significant items - continuing operations		788.1	115.2
DISCONTINUED OPERATIONS			
North America operations exit costs		(9.3)	-
Previously disposed businesses		0.9	-
Net gain on sale of discontinued operations		29.9	-
Total significant items before income tax - discontinued operations		21.5	-
Income tax benefit on significant items		2.2	-
Total significant items - discontinued operations		23.7	-

^ Amounts have been restated. Refer to Note 1 for further detail.

Share of results from equity accounted investees attributable to significant items relates to the Group's share of significant items included in the results of equity accounted investees, such as gain/loss on disposal of investments and impairment or impairment reversal of assets.

Impairment reversal of equity accounted investee relates to the impairment reversal of the Group's investment in the ordinary equity of Seven West Media.

Revaluation of equity accounted interest on acquisition of Boral relates to the difference between the fair value and carrying value of the Group's investment in Boral on acquisition date. Refer to Note 18: Business Combination for further detail.

Boral property segment EBIT relates to the sales of sites previously operated by Boral. The Group does not consider this income stream to form part of the underlying operations of the Group.

Fair value adjustments on acquisition of Boral relates to the unwind of fair value adjustments arising from the acquisition of the Group's investment in Boral. Refer to Note 18: Business Combination for further detail.

Transaction costs incurred and significant items in finance expense relate to costs incurred from the takeover offer for Boral. Transaction costs are allocated to the Boral segment.

Significant items for discontinued operations relate to costs incurred for the exit of Boral's North American operations. Also included is the net gain on sale of Boral's discontinued operations related to the recycling of the foreign currency translation reserve to the profit or loss following the disposal. Refer to Note 19: Discontinued Operations for further detail.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

4. REVENUE AND EXPENDITURE

	Dec 21 \$m	Restated^ Dec 20 \$m
CONTINUING OPERATIONS		
REVENUE		
Building material sales	1,410.5	-
Product sales	663.1	643.3
Product support	1,291.9	1,240.7
Hire of equipment	498.6	469.8
Rendering of services	37.2	-
Contracting business	52.7	-
Oil, gas and condensate sales	2.0	1.2
Other revenue	-	2.4
Total revenue	3,956.0	2,357.4
EXPENDITURE EXCLUDING DEPRECIATION AND AMORTISATION		
Materials cost of inventory sold and used in product sales and product support	(1,336.8)	(1,279.8)
Materials cost of inventory sold and used in building materials, rendering of services and contracting	(1,123.8)	-
Repairs, maintenance and consumables used on equipment hire	(61.2)	(55.6)
Employee benefits	(533.8)	(420.3)
Other expenses	(356.3)	(174.4)
Total expenses excluding depreciation and amortisation	(3,411.9)	(1,930.1)

^ Amounts have been restated. Refer to Note 1 for further detail.

The Group disaggregates revenue by operating segment and service type. Refer to Note 2: Operating Segments for revenue by operating segment and geographical split. As at 31 December 2021, the Group has remaining performance obligations to be recognised on Maintenance and Repair Contracts (MARC)s with a duration of more than 12 months. The aggregate amount of the transaction price allocated to the remaining performance obligations is \$156.9 million (June 2021: \$178.4 million).

The Group will recognise this revenue when the performance obligations are satisfied. Approximately 35 per cent of remaining performance obligations are expected to occur within the next 12 months, with the remaining expected to occur over a period of up to five years.

5. NET FINANCE EXPENSE

	Dec 21 \$m	Dec 20 \$m
CONTINUING OPERATIONS		
FINANCE INCOME		
Interest income on bank deposits	1.1	0.5
Other	0.3	-
Total finance income	1.4	0.5
FINANCE EXPENSE		
Interest expense	(98.6)	(49.1)
Interest expense on lease liabilities	(28.4)	(27.1)
Amortisation of borrowing costs	(8.8)	(2.7)
Unwind of discount on provisions	(1.5)	(1.5)
Total finance expense	(137.3)	(80.4)
Net finance expense	(135.9)	(79.9)

Interest expense and amortisation of borrowing costs includes \$8.1 million of expenses incurred in relation to fees on the Bridge facility. Refer to Note 12: Interest Bearing Loans and Borrowings for further detail.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

6. INCOME TAX

	Dec 21 \$m	Dec 20 \$m
CONTINUING OPERATIONS		
INCOME TAX EXPENSE		
Current tax expense	(52.1)	(69.7)
Deferred tax expense	(16.0)	2.0
Income tax expense - continuing operations	(68.1)	(67.7)
RECONCILIATION BETWEEN INCOME TAX EXPENSE AND PRE-TAX STATUTORY PROFIT:		
Income tax using the domestic corporation tax rate 30%	(347.6)	(129.5)
Franked dividends	0.2	0.8
Share of equity accounted investees' net profit	36.1	29.6
Non-assessable income	1.8	-
Non-deductible expenses	(2.8)	(0.1)
Equity accounted reversal of impairment	19.8	31.5
Revaluation of equity accounted interest on acquisition of Boral Limited	227.1	-
Capital loss and exempt income on disposal of business	(5.9)	-
Recognition of deferred tax asset on capital and revenue losses, not previously recognised	2.7	-
Difference in overseas tax rates	0.5	-
Income tax expense - continuing operations	(68.1)	(67.7)
DEFERRED INCOME TAX RECOGNISED DIRECTLY IN OCI		
Relating to financial assets at fair value through other comprehensive income	27.0	33.9
Relating to cash flow hedge reserve	0.9	2.0
Relating to foreign currency translation	6.3	-
Total deferred income tax recognised directly in OCI	34.2	35.9
DISCONTINUED OPERATIONS		
INCOME TAX EXPENSE		
Current tax expense	(21.0)	-
Deferred tax expense	(21.0)	-
Total income tax expense - discontinued operations	(42.0)	-
RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX STATUTORY PROFIT:		
Income tax using the domestic corporation tax rate 30%	(51.9)	-
Recognition of deferred tax asset on capital and revenue losses, not previously recognised	7.4	-
Share of equity accounted investees' net profit	0.4	-
Tax benefit arising from share acquisition rights vested	0.4	-
Non-deductible expenses	0.7	-
Capital loss and exempt income on disposal of business	(4.3)	-
Difference in overseas tax rates	5.3	-
Income tax expense - discontinued operations	(42.0)	-

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

7. EARNINGS PER SHARE

	Basic		Diluted	
	Dec 21	Dec 20	Dec 21	Dec 20
	\$	\$	\$	\$
STATUTORY EARNINGS PER SHARE				
From continuing operations	2.99	1.07	2.97	1.06
From discontinued operations	0.25	-	0.25	-
Statutory earnings per share - total	3.24	1.07	3.22	1.06

	Dec 21	Restated [^] Dec 20
	\$m	\$m
EARNINGS RECONCILIATION BY CATEGORY OF SHARE - ORDINARY SHARES		
Net profit attributable to equity holders of the Company - continuing & discontinued operations	1,175.0	362.2
Net profit attributable to equity holders of the Company - continuing & discontinued operations	1,175.0	362.2

[^] Amounts have been restated. Refer to Note 1 for further detail.

	Dec 21 Million	Dec 20 Million
WEIGHTED AVERAGE NUMBER OF SHARES		
Ordinary shares for basic earnings per share		
Issued shares as at 1 July	363.3	339.4
Issued shares as at 31 December	363.3	339.4
Weighted average number of shares (basic) at 31 December^(a)	363.1	339.0
Effect of share options on issue - ordinary shares	1.4	1.3
Weighted average number of shares (diluted) at 31 December	364.5	340.3

(a) The weighted average number of shares used to calculate underlying earnings per share is the same as the weighted average number of shares used to calculate statutory earnings per share.

There were 1.4 million options that were exercisable or dilutive at December 2021 (December 2020: 1.3 million).

	Basic		Diluted	
	Dec 21	Dec 20	Dec 21	Dec 20
	\$	\$	\$	\$
UNDERLYING EARNINGS PER SHARE (NON-IFRS MEASURE)				
From continuing operations	0.80	0.73	0.80	0.73
From discontinued operations	0.21	-	0.20	-
Underlying earnings per share - total	1.01	0.73	1.00	0.73

[^] Amounts have been restated. Refer to Note 1 for further detail.

Underlying earnings per share is a non-IFRS measure and reconciled to statutory profit or loss as follows:

	Dec 21	Restated [^] Dec 20
	\$m	\$m
UNDERLYING EARNINGS RECONCILIATION BY CATEGORY OF SHARE - ORDINARY SHARES		
Net profit attributable to equity holders of the Company	1,175.0	362.2
Significant items attributable to equity holders of the Company	(808.9)	(115.2)
Underlying net profit attributable to equity holders of the Company - continuing & discontinued operations	366.1	247.0

[^] Amounts have been restated. Refer to Note 1 for further detail.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Dec 21 \$m	Jun 21 \$m
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Investments in associates		
Boral Limited	-	1,440.4
Beach Energy Limited	1,059.6	1,000.3
Seven West Media Limited	389.8	281.5
Individually immaterial associates	33.7	33.7
Investments in joint ventures		
Individually immaterial joint ventures	202.0	31.5
Total investments accounted for using the equity method	1,685.1	2,787.4

BORAL LIMITED

At 30 June 2021, the Group classified its investment in Boral as an associate. In July 2021, the Group acquired a further interest in Boral, with the Group's ownership interest increasing to 69.6 per cent. (June 2021: 26.1 per cent). From 7 July 2021, the Group commenced consolidating Boral into the Group. Refer to Note 18: Business Combination for further detail.

BEACH ENERGY LIMITED

The Group has the ability to significantly influence, but not control or jointly control, the financial and operating decisions of Beach through its investment and board representation and accordingly has classified its investment as an associate.

SEVEN WEST MEDIA LIMITED

The Group has classified its investment in Seven West Media as an associate as the Group, through its 38.9 per cent (June 2021: 40.2 per cent) ownership interest and equivalent voting rights has the ability to significantly influence, but not control or jointly control the financial and operating policy decisions of Seven West Media. Given the 38.9 per cent ownership interest management continue to assess that the Group has significant influence, but not control, over Seven West Media. This reflects the conclusion that significant uncertainty exists in determining whether the Group's Key Management Personnel exerts de facto control over the significant operational decisions of Seven West Media given the historical level of non-SGH related vote participation at AGMs and its majority independent board (the Group only has 1 out of 9 directors) following the retirement of the Group's Chairman Mr KM Stokes AC from the SGH Board. The Group does not control Seven West Media and is therefore not required to consolidate Seven West Media at 31 December 2021.

Detailed in the table below are the Group's associates and joint ventures as at 31 December 2021. The country of incorporation is also their principal place of business.

Investee	Principal activities	Country of incorporation	Balance date	Ownership interest Dec 21	Jun 21
ASSOCIATES					
Beach Energy Limited	Oil and gas exploration, development, production	Australia	30 Jun	30.0%	30.0%
Boral Limited ^(a)	Supplier of building products and construction materials	Australia	30 Jun	-	26.1%
Energy Power Systems Australia Pty Ltd	Distribution and rental of CAT engine products	Australia	30 Jun	40.0%	40.0%
Mo's Mobiles Pty Limited	Mobile phone retailer	Australia	30 Jun	25.0%	25.0%
Seven West Media Limited ^(b)	Media	Australia	25 Jun	38.9%	40.2%
JOINT VENTURES					
Flagship Property Holdings Pty Limited	Property management	Australia	31 Dec	45.8%	45.8%
Kings Square Pty Ltd	Property development	Australia	30 Jun	50.0%	50.0%
Kings Square No. 4 Unit Trust	Property development	Australia	30 Jun	50.0%	50.0%

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

Investee	Principal activities	Country of incorporation	Balance date	Ownership interest Dec 21	Jun 21
BORAL EQUITY ACCOUNTED INVESTMENTS					
Bitumen Importers Australia Pty Limited ^(c)	Bitumen importer	Australia	30 Jun	50.0%	-
ConnectSydney Pty Ltd ^(c)	Road maintenance	Australia	30 Jun	38.5%	-
Flyash Australia Pty Ltd ^(c)	Fly ash collection	Australia	31 Dec	50.0%	-
Highland Pine Products Pty Limited ^(d)	Timber	Australia	30 Jun	-	-
Meridian Brick Canada Limited ^(d)	Bricks	Canada	30 Jun	-	-
Meridian Brick LLC ^(d)	Bricks	USA	30 Jun	-	-
Penrith Lakes Development Corporation Limited ^(c)	Property development	Australia	30 Jun	40.0%	-
South Australian Road Services Pty Limited ^(c)	Road maintenance	Australia	30 Jun	50.0%	-
South East Asphalt Pty Limited ^(c)	Asphalt	Australia	30 Jun	50.0%	-
Sunstate Cement Pty Limited ^(c)	Cement manufacturer	Australia	30 Jun	50.0%	-

(a) During July 2021, the Group acquired an additional interest in Boral Limited. From 7 July 2021, the Group determined it controlled Boral and accordingly ceased equity accounting Boral.

(b) During the period, Seven West Media issued new shares to satisfy performance incentive obligations. This diluted the Group's ownership interest in Seven West Media to 38.9 per cent.

(c) Acquired as part of Boral acquisition. Ownership interest reflects Boral's ownership, of which the Group has a 69.6 per cent interest.

(d) Acquired as part of Boral acquisition and disposed of on 1 October 2021.

	Dec 21 \$m	Restated [^] Dec 20 \$m
SHARE OF INVESTEE'S NET PROFIT		
Investments in associates:		
Beach Energy Limited	66.7	36.6
Boral Limited	-	15.4
Seven West Media Limited	47.6	47.0
Individually immaterial associates	-	0.5
Investments in joint ventures:		
Individually immaterial joint ventures	9.9	(0.3)
Share of net profit from equity accounted investees	124.2	99.2

[^] Amounts have been restated. Refer to Note 1 for further detail.

The Group received cash dividends and distributions of \$14.0 million from its investments in equity accounted investees during the half-year ended 31 December 2021 (December 2020: \$6.5 million).

	Dec 21 \$m	Jun 21 \$m
MARKET VALUES OF LISTED INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Beach Energy Limited		
Book value	1,059.6	1,000.3
Market value	852.5	849.1
Boral Limited		
Book value	n/a	1,440.4
Market value	n/a	2,197.9
Seven West Media Limited		
Book value	389.8	281.5
Market value	389.8	281.5

An impairment reversal of \$76.2 million (December 2020 restated: \$103.8 million) relating to the Group's investment in Seven West Media was recognised in the profit or loss during the period.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

9. PRODUCING AND DEVELOPMENT ASSETS

	Dec 21 \$m	Jun 21 \$m
PRODUCING AND DEVELOPMENT ASSETS		
At cost	244.8	240.5
Accumulated impairment	(110.7)	(106.8)
Accumulated depreciation	(21.9)	(21.5)
Total producing and development assets	112.2	112.2

Producing and development assets comprise the Group's operating interests in oil and gas assets located in the Longtom gas and condensate field located in the Bass Strait off the coast of Victoria in Australia and the Bivins Ranch oil and gas asset located in the Texas Panhandle region of the United States.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

As at 31 December 2021, the Group performed an impairment review of its producing and development assets in accordance with *AASB 136: Impairment of Assets*. The review has not indicated any trigger events or indicators that the assets may be impaired, therefore no impairments have been recognised at 31 December 2021.

Producing and development asset valuations are based on expected production profile of reserves and resources and various estimates and assumptions. For the purpose of assessing impairment, the recoverable amount of the cash generating unit (CGU) is based on the fair value less costs of disposal using a discounted cash flow method (DCF).

10. EXPLORATION AND EVALUATION ASSETS

	Dec 21 \$m	Jun 21 \$m
EXPLORATION AND EVALUATION ASSETS		
At cost	241.6	239.0
Total exploration and evaluation assets	241.6	239.0

Exploration and evaluation assets are located in the Browse basin which is north-west of Australia and relates to the Crux AC/RL9 joint operation. The Echuca Shoals WA-377P exploration permit was cancelled on 22 December 2020. The carrying value of WA-377P had been fully impaired previously. The application to the Responsible Authority for Good Standing is still being reviewed.

The Crux AC/RL9 project has been identified as a primary source of back fill gas supply to the Shell Operated Prelude floating liquefied natural gas facility (Prelude FLNG). The current concept for the Crux project is a Not Normally Manned Platform which will be tied back to the Prelude FLNG facility via an export pipeline. Both the Prelude FLNG and Crux AC/RL9 projects are operated by Shell Australia.

The Group continues to work with Shell as Operator and fellow Crux AC/RL9 joint venture partners in progressing the project through to Final Investment Decision (FID).

There are no facts or circumstances indicating an impairment of the asset under *AASB 6: Exploration for and Evaluation of Mineral Resources* at 31 December 2021.

The ultimate recoupment of the carrying value of the Group's exploration and evaluation assets is dependent on successful commercial exploitation, or the sale of the respective area of interest.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

11. NOTES TO THE CASH FLOW STATEMENT

	Dec 21 \$m	Restated^ Dec 20 \$m
Reconciliation of profit for the period to net cash flows related to operating activities		
Profit for the period	1,221.5	364.0
Income tax expense	110.1	67.7
Income taxes paid	(80.9)	(74.1)
Depreciation and amortisation:		
Property, plant and equipment	174.7	88.7
Right of use assets	47.8	37.7
Intangible assets	14.2	3.8
Capitalised borrowing costs amortised	8.0	1.4
Share of results from equity accounted investees	(131.6)	(99.2)
Employee share movements in equity	3.9	2.8
Dividends received from equity accounted investees	14.0	6.5
Loss arising from dilution of investment in equity accounted investee	10.2	-
Gain on sale of property, plant and equipment	(11.6)	(3.6)
Revaluation of equity accounted interest on acquisition of Boral Limited	(756.8)	-
Gain on disposal of discontinued operations	(30.8)	-
Impairment reversal of equity accounted investee	(76.2)	(103.8)
Movement in accrued investing items	167.5	38.5
Unwind of interest on convertible note	4.6	4.4
Other	10.5	(7.7)
Movement in:		
Trade and other receivables	4.7	74.2
Inventories	(230.1)	(32.5)
Other assets	(34.5)	(26.1)
Trade and other payables/deferred income	(209.2)	(113.9)
Provisions and employee benefits	(8.5)	(0.4)
Net operating cash flows	221.5	228.4

^ Amounts have been restated. Refer to Note 1 for further detail.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

12. INTEREST BEARING LOANS AND BORROWINGS

	Dec 21 \$m	Jun 21 \$m
CURRENT		
Interest bearing liabilities	3,507.3	697.5
Fixed term US dollar notes and bonds	174.6	113.1
Less: capitalised borrowing costs net of accumulated amortisation	(4.0)	(6.6)
	3,677.9	804.0
NON-CURRENT		
Interest bearing liabilities	1,397.5	450.1
Convertible notes	317.8	313.2
Fixed term US dollar notes and bonds	2,486.8	844.1
Less: capitalised borrowing costs net of accumulated amortisation	(14.8)	(8.5)
Fair value adjustment - cross currency swaps	23.1	29.5
	4,210.4	1,628.4

Current interest bearing liabilities includes the \$2,970 million Bridge facility which was drawn on 13 July 2021. \$2,705 million of the Bridge facility was repaid subsequent to period end. Refer to Note 21: Subsequent Events for further detail. The prior period included the \$431 million facility with Caterpillar Financial Australia Limited which was repaid in July 2021.

Non-current interest bearing liabilities includes the Group's syndicated loan facility, comprising two tranches A and B, is unsecured and is supported by guarantees by the Company and certain subsidiaries within the Group.

Fixed term US dollar notes and bonds includes USPP notes of \$1,796.4 million and 144A/RegS bonds of \$865.2 million.

In July 2021, the Group entered into further equity-settled swaps for Boral shares of \$231.1 million, totalling \$450.1 million at December 2021 (June 2021: \$219.0 million). The Group also holds an equity settled swap over Beach shares of \$45.1 million at December 2021 (June 2021: \$45.1 million). The swaps mature in April 2022. AASB 9: Financial Instruments does not apply to interests in associates accounted for using the equity method for the Beach swap and interests in controlled entities for the Boral swaps.

At 31 December 2021, the Group had available undrawn borrowing facilities of \$1,293.5 million (June 2021: \$1,936.1 million).

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Jun 21 \$m	Net financing cash flows \$m	Effect of FX rates \$m	Other ^(a) \$m	Dec 21 \$m
Interest bearing loans and borrowings					
Interest bearing liabilities	1,147.6	1,112.2	-	2,645.0	4,904.8
Fixed term US dollar notes and bonds	957.2	(36.9)	66.9	1,674.2	2,661.4
Convertible notes	313.2	-	-	4.6	317.8
Capitalised borrowing costs	(15.1)	-	-	(3.7)	(18.8)
Fair value adjustment	29.5	-	-	(6.4)	23.1
Total interest bearing loans and borrowings	2,432.4	1,075.3	66.9	4,313.7	7,888.3
Cash payments for lease liabilities	835.1	(64.5)	(0.5)	226.2	996.3
Total lease liabilities	835.1	(64.5)	(0.5)	226.2	996.3
Total	3,267.5	1,010.8	66.4	4,539.9	8,884.6

(a) Other includes a non-cash increase in liabilities related to equity-settled swaps and liabilities assumed in the acquisition of Boral.

It also includes cash flows relating to the acquisition of non-controlling interests and dividends.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

13. FINANCIAL INSTRUMENTS

OVERVIEW

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. Significant valuation matters are reported to the Group Audit & Risk Committee.

The Group uses various methods in estimating the fair value of a financial instrument. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- | | |
|---------|---|
| Level 1 | Fair value is calculated using quoted prices in active markets. |
| Level 2 | Fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices). |
| Level 3 | Fair value is estimated using inputs for the asset or liability that are not based on observable market data. |

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of AASB, including the level in the fair value hierarchy in which such valuations should be classified.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of listed equity securities are based on quoted market prices. For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs. Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps and foreign exchange contracts not traded on a recognised exchange.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

13. FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments, carried at fair value, as well as the methods used to estimate the fair value are summarised below:

	Note	Level in fair value hierarchy	Dec 21 Carrying amount \$m	Dec 21 Fair value \$m	Jun 21 Carrying amount \$m	Jun 21 Fair value \$m
Financial assets measured at fair value						
Listed equity securities (excluding derivatives)		1	62.1	62.1	186.3	186.3
Unlisted equity securities		3	138.4	138.4	250.2	250.2
Forward foreign exchange contracts - used for hedging	14	2	3.5	3.5	0.7	0.7
Commodities swaps - cash flow hedges	14	2	8.6	8.6	-	-
Cross currency swap - used for hedging	14	2	160.2	160.2	147.9	147.9
			372.8	372.8	585.1	585.1
Financial assets not measured at fair value						
Cash and cash equivalents		-	3,766.8	3,766.8	160.9	160.9
Trade and other receivables		-	1,315.1	1,315.1	832.3	832.3
			5,081.9	5,081.9	993.2	993.2
Financial liabilities measured at fair value						
Forward foreign exchange contracts - used for hedging	14	2	1.2	1.2	14.1	14.1
Commodities swaps - cash flow hedges	14	2	0.4	0.4	-	-
Cross currency swap - used for hedging	14	2	65.6	65.6	50.2	50.2
Interest rate collars - used for hedging	14	2	-	-	1.5	1.5
			67.2	67.2	65.8	65.8
Financial liabilities not measured at fair value						
Trade and other payables (excluding accruals)		-	554.6	554.6	411.8	411.8
Fixed term US dollar notes	12	2	2,661.4	2,973.8	957.2	1,080.5
Fair value adjustment relating to US dollar notes	12	-	23.1	23.1	29.5	29.5
Convertible note	12	2	317.8	332.9	313.2	338.7
Other borrowings	12	2	4,904.8	4,904.8	1,147.6	1,148.6
			8,461.7	8,789.2	2,859.3	3,009.1

There have been no transfers between different levels in the fair value hierarchy during the period.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Dec 21 \$m	Jun 21 \$m
CURRENT ASSETS		
Forward foreign exchange contracts - cash flow hedges	3.5	0.7
Commodities swaps - cash flow hedges	8.4	-
Interest rate swaps - fair value hedges	2.2	-
	14.1	0.7
NON-CURRENT ASSETS		
Commodities swaps - cash flow hedges	0.2	-
Cross currency swaps - cash flow hedges	116.2	101.9
Cross currency swaps - fair value hedges	36.5	46.0
Interest rate swaps - fair value hedges	5.3	-
	158.2	147.9
CURRENT LIABILITIES		
Forward foreign exchange contracts - cash flow hedges	(1.2)	(14.1)
Commodities swaps - cash flow hedges	(0.4)	-
Cross currency swaps - cash flow hedges	(0.6)	-
Interest rate swaps - cash flow hedges	-	(1.5)
	(2.2)	(15.6)
NON-CURRENT LIABILITIES		
Cross currency swaps - cash flow hedges	(52.3)	(33.6)
Cross currency swaps - fair value hedges	(12.7)	(16.6)
	(65.0)	(50.2)
Net derivative financial instruments	105.1	82.8

The Group is a party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates, commodity prices or foreign exchange rates in accordance with the Group's financial risk management policy. The Group also enters into equity derivatives.

Interest rate swaps

The Group's policy is to hedge a portion of its interest bearing liabilities from exposure to changes in interest rates.

The gain or loss from remeasuring the hedging instruments to fair value is deferred in equity in the hedge reserve and reclassified into profit or loss when the hedged interest expense is recognised. To the extent that the hedge is ineffective or undesignated, the fair value movement is recognised as fair value through profit or loss.

Forward foreign exchange contracts

The Group has entered into forward foreign currency exchange contracts to hedge the US Dollar (USD) denominated debt in conjunction with cross currency swaps. The Group has obligations to repay the principal amount of USD denominated debt and interest thereon. The Group's USD denominated debt and coupon obligations are hedged with foreign exchange derivatives. The Group from time to time also enters into forward foreign exchange contracts to hedge certain known trading commitments predominantly denominated in USD. The terms of these commitments are generally shorter than one year. Boral has USD denominated debt and following completion of the sale of the US operations will put in place currency swaps and hold USD to hedge this exposure.

Commodity swaps

The Group uses commodity swaps and options to hedge a component of exposure to commodity price risk. The maximum permitted term for a hedge transaction is two years.

Cross currency swaps

The Group has obligations to repay the principal and interest relating to USD denominated debt. The Group enters into cross currency swap contracts to hedge these obligations.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

15. CAPITAL

	Dec 21 \$m	Jun 21 \$m
SHARE CAPITAL		
363,260,588 ordinary shares, fully paid (June 2021: 363,260,588)	3,382.2	3,382.2
Convertible notes, fully paid	31.7	31.7
90,627 treasury shares, fully paid (June 2021: 386,913)	(2.0)	(8.7)
Balance at end of the period	3,411.9	3,405.2
MOVEMENTS IN ORDINARY SHARES		
Balance at beginning of the period	3,382.2	3,382.2
Balance at end of the period	3,382.2	3,382.2
MOVEMENT IN TREASURY SHARES		
Balance at beginning of the year	(8.7)	(12.0)
Shares vested and transferred to employee	6.7	12.0
On-market share acquisition	-	(8.7)
Balance at end of the period	(2.0)	(8.7)

The Company does not have authorised share capital or par value in respect of its shares. All issued shares are fully paid.

Treasury shares

The Company did not acquire any shares on-market during the period. The movement in Treasury Shares of \$6.7 million represents the settlement of employee share scheme obligations.

Convertible notes

On 5 March 2018, the Company issued 3,500 convertible notes (notes) at a nominal value of \$350.0 million and paying a cash coupon of 2.2 per cent per annum. The notes are listed on the Singapore Exchange and mature in March 2025 at their nominal value. Alternatively, they can be converted into ordinary shares at the holder's option at a conversion price of \$24 per ordinary share (subject to adjustments as stipulated in the terms of the convertible note). Shareholder approval was granted at the Company's 2018 Annual General Meeting in November 2018. The total number of ordinary shares which will be issued if the convertible notes are converted is 14,607,680. At 31 December 2021, no notes had been converted.

16. DIVIDENDS

	Date of payment	Franked / unfranked	Amount per share \$	Total \$m
DIVIDENDS PAID				
Ordinary shares - Final dividend in respect of 2021 year	29 Oct 21	Franked	0.23	83.5
Total dividends paid				83.5
Ordinary shares - Final dividend in respect of 2020 year	13 Oct 20	Franked	0.21	71.3
Total dividends paid				71.3
SUBSEQUENT EVENT				
Current period interim dividend on ordinary shares proposed but not provided				
Ordinary shares - Interim dividend in respect of 2022 year	6 May 22	Franked	0.23	83.5

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

17. CONTROLLED ENTITIES

	Notes	Country of incorporation	OWNERSHIP INTEREST	
			Dec 21 %	Jun 21 %
PARENT ENTITY				
Seven Group Holdings Limited	(a)	Australia		
SUBSIDIARIES				
All Hire Pty Limited		Australia	100	100
Allen's Asphalt Pty Ltd	(b)	Australia	70	-
Allight Holdings Pty Limited	(a)	Australia	100	100
AllightPrimax FZCO		UAE	100	100
AllightSykes New Zealand Limited		New Zealand	100	100
AllightSykes Pty Limited	(a)	Australia	100	100
AllightSykes SA (Proprietary) Limited		South Africa	100	100
Allplant Services Pty Limited		Australia	100	100
Alsafe Premix Concrete Pty Ltd	(b)	Australia	70	-
American Lignite Energy LLC	(b)(c)	USA	47	-
Australian Highway Plant Services Pty Limited		Australia	100	100
Barnu Pty. Ltd.	(b)	Australia	70	-
Bayview Pty Limited	(b)	Australia	70	-
Bayview Quarries Proprietary Limited	(b)	Australia	70	-
BCM Oklahoma LLC	(b)	USA	70	-
Bitumax Pty. Limited	(b)	Australia	70	-
Bitupave Ltd	(b)	Australia	70	-
Boral (UK) Ltd	(b)	UK	70	-
Boral Bricks Pty Ltd	(b)	Australia	70	-
Boral Bricks Western Australia Pty Ltd	(b)	Australia	70	-
Boral Building Materials Pty Limited	(b)	Australia	70	-
Boral Building Products Limited	(b)	Australia	70	-
Boral Canada Ltd	(b)	Canada	70	-
Boral Cement Limited	(b)	Australia	70	-
Boral CM Holdings LLC	(b)	USA	70	-
Boral Concrete (1992) Limited	(b)	Thailand	70	-
Boral Construction Materials Group Ltd	(b)	Australia	70	-
Boral Construction Materials Limited	(b)	Australia	70	-
Boral Construction Materials LLC	(b)	USA	70	-
Boral Construction Related Businesses Pty Ltd	(b)	Australia	70	-
Boral Contracting Pty Ltd	(b)	Australia	70	-
Boral Corporate Services Pty Limited	(b)	Australia	70	-
Boral Finance Pty Limited	(b)	Australia	70	-
Boral Holdings Inc.	(b)	USA	70	-
Boral Industrie GmbH	(b)	Germany	70	-
Boral Industries Inc.	(b)	USA	70	-
Boral Insurance Pty Limited	(b)	Australia	70	-
Boral International Pty Limited	(b)	Australia	70	-
Boral Investments BV	(b)	Netherlands	70	-
Boral Investments Pty Limited	(b)	Australia	70	-
Boral IP Holdings (Australia) Pty Limited	(b)	Australia	70	-
Boral IP Holdings LLC	(b)	USA	70	-
Boral Klinker GmbH	(b)	Germany	70	-
Boral Limited	(b)	Australia	70	-
Boral Masonry Ltd	(b)	Australia	70	-
Boral Materials LLC	(b)	USA	70	-

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

17. CONTROLLED ENTITIES (CONTINUED)

	Notes	Country of incorporation	OWNERSHIP INTEREST	
			Dec 21 %	Jun 21 %
Boral Mecklenburger Ziegel GmbH	(b)	Germany	70	-
Boral Meridian Holdings Inc.	(b)	USA	70	-
Boral Plant Services LLC	(b)	USA	70	-
Boral Precast Holdings Pty Ltd	(b)	Australia	70	-
Boral Recycling Pty Limited	(b)	Australia	70	-
Boral Resources (Country) Pty. Limited	(b)	Australia	70	-
Boral Resources (NSW) Pty Ltd	(b)	Australia	70	-
Boral Resources (QLD) Pty. Limited	(b)	Australia	70	-
Boral Resources (SA) Limited	(b)	Australia	70	-
Boral Resources (VIC.) Pty. Limited	(b)	Australia	70	-
Boral Resources (W.A.) Ltd	(b)	Australia	70	-
Boral Resources LLC	(b)	USA	70	-
Boral Roofing de Mexico, S. de R.L. de C.V.	(b)	Mexico	70	-
Boral Shared Business Services Pty Ltd	(b)	Australia	70	-
Boral Timber Fibre Exports Pty Ltd	(b)	Australia	70	-
Boral Transport Limited	(b)	Australia	70	-
Boral Transportation Services LLC	(b)	USA	70	-
Boral USA	(b)	USA	70	-
C7 Pty Limited	(a)	Australia	100	100
Coates Fleet Pty Limited		Australia	100	100
Coates Group Holdings Pty Limited		Australia	100	100
Coates Group Pty Limited		Australia	100	100
Coates Hire (NZ) Limited		New Zealand	100	100
Coates Hire Access SPV Pty Limited		Australia	100	100
Coates Hire Holdco SPV Pty Limited		Australia	100	100
Coates Hire Limited		Australia	100	100
Coates Hire Operations Pty Limited		Australia	100	100
Coates Hire Overseas Investments Pty Limited		Australia	100	100
Coates Hire Traffic Solutions Pty Limited		Australia	100	100
Concrete Pty Ltd	(b)	Australia	70	-
Covol Engineered Fuels, LLC	(b)	USA	70	-
Covol Fuels Chinook, LLC	(b)	USA	70	-
Covol Fuels No.2, LLC	(b)	USA	70	-
Covol Fuels No.4, LLC	(b)	USA	70	-
Covol Fuels Rock Crusher, LLC	(b)	USA	70	-
Dandenong Quarries Pty. Limited	(b)	Australia	70	-
De Martin & Gasparini Contractors Pty Limited	(b)	Australia	70	-
De Martin & Gasparini Pty Limited	(b)	Australia	70	-
De Martin & Gasparini Pumping Pty Limited	(b)	Australia	70	-
Direct Target Access Pty Limited	(a)	Australia	100	100
Dunmore Sand & Soil Pty. Limited	(b)	Australia	70	-
DWB (NH) Pty Limited		Australia	100	100
E.U.M. Tejas De Concreto Servicios, S. DE R.L. DE C.V.	(b)	Mexico	70	-
Eldorado Stone Philippines, Inc.	(b)	Philippines	70	-
FGW Pacific Pty Limited		Australia	100	100
Found Concrete Pty Ltd	(b)	Australia	70	-
Headwaters Building Products Inc.	(b)	USA	70	-
Headwaters Energy Services Corp.	(b)	USA	70	-
Headwaters Stone LLC	(b)	USA	70	-
Hebburn Pty Limited	(d)	Australia	100	-

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

17. CONTROLLED ENTITIES (CONTINUED)

	Notes	Country of incorporation	OWNERSHIP INTEREST	
			Dec 21 %	Jun 21 %
Industrial Investment Holdings Pty Limited		Australia	100	100
Kimlin Holdings Pty Limited		Australia	100	100
Manooka Holdings Pty Limited	(a)	Australia	100	100
Miltonstar Pty Limited	(a)	Australia	100	100
Nahi Pty Limited		Australia	100	100
National Hire Equipment Pty Limited		Australia	100	100
National Hire Facilitation Pty Limited	(a)	Australia	100	100
National Hire Finance Pty Limited		Australia	100	100
National Hire Group Limited	(a)	Australia	100	100
National Hire Operations Pty Limited		Australia	100	100
National Hire Properties Pty Limited		Australia	100	100
National Hire Trading Pty Limited		Australia	100	100
Ned Finco Pty Limited		Australia	100	100
Network Investment Holdings Pty Limited	(a)	Australia	100	100
Point Pty Limited	(a)	Australia	100	100
Primax USA Inc		USA	100	100
Pro Concrete Group Pty Limited	(b)	Australia	70	-
PT AllightSykes		Indonesia	100	100
PT Coates Hire Indonesia		Indonesia	100	100
PT Coates Services Indonesia		Indonesia	100	100
Pump Rentals Pty Limited	(a)	Australia	100	100
Q-Crete Premix Pty Ltd	(b)	Australia	70	-
Realtime Reporters Pty Limited		Australia	100	100
Road Surfaces Group Pty. Ltd.	(b)	Australia	70	-
Seven (National) Pty Limited	(a)	Australia	100	100
Seven (WAN) Pty Limited		Australia	100	100
Seven Broadcast Properties Trust		Australia	100	100
Seven Custodians Pty Limited	(a)	Australia	100	100
Seven Entertainment Pty Limited		Australia	100	100
Seven Media Group Pty Limited	(a)	Australia	100	100
Seven Network (United States) Inc		USA	100	100
Seven Network International Limited	(a)	Australia	100	100
Seven Network Investments Pty Limited	(a)	Australia	100	100
Seven Network Limited	(a)	Australia	100	100
Seven Network Nominees Pty Limited	(a)	Australia	100	100
Seven Resources Pty Limited	(a)	Australia	100	100
SGH Communications Pty Limited		Australia	100	100
SGH Energy (No 1) Pty Limited		Australia	100	100
SGH Energy (No 2) Pty Limited		Australia	100	100
SGH Energy Aust. Pty Limited		Australia	100	100
SGH Energy NTP66 Pty Ltd		Australia	100	100
SGH Energy Pty Ltd		Australia	100	100
SGH Energy VICP54 Pty Ltd		Australia	100	100
SGH Energy VICP56 Pty Ltd		Australia	100	100
SGH Energy WA Pty Ltd		Australia	100	100
SGH Energy WA377P Pty Ltd		Australia	100	100
SGH Productions Pty Limited	(a)	Australia	100	100
Sitech (WA) Pty Limited		Australia	51	51
Sitech Solutions Pty Limited		Australia	51	51
SMG Executives Pty Limited		Australia	100	100

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

17. CONTROLLED ENTITIES (CONTINUED)

	Notes	Country of incorporation	OWNERSHIP INTEREST	
			Dec 21 %	Jun 21 %
SMG FINCO Pty Limited	(a)	Australia	100	100
SNZ Pty Limited	(a)	Australia	100	100
Specialised Investments Pty Limited		Australia	100	100
Sykes Fleet Services Pty Limited		Australia	100	100
Sykes Group Pty Limited	(a)	Australia	100	100
Synthetic Materials, LLC	(b)	USA	70	-
Tallglen Pty Limited	(a)	Australia	100	100
Tile Service Company LLC	(b)	USA	70	-
Tru Blu Hire Australia Pty Limited		Australia	100	100
WA Regional Asset Holdings Pty Limited		Australia	100	100
Warrah Engineering Pty Limited		Australia	100	-
WesTrac Holdings Pty Limited	(a)	Australia	100	100
WesTrac Machinery Distribution Pty Limited		Australia	100	100
WesTrac Pty Limited		Australia	100	100

(a) Pursuant to ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785 these controlled entities are relieved from the Corporations Act 2001 requirements for the preparation, audit and lodgement of financial reports.

(b) This company was acquired as part of the Boral acquisition. Refer to Note 18 for further detail.

(c) The ownership percentage reflects the Group's interest of Boral Limited's 67 per cent ownership interest.

(d) This company was incorporated on 19 August 2021.

Control was obtained over the following entities as part of the Boral acquisition and then divested during the period.

	Notes	Country of incorporation	OWNERSHIP INTEREST	
			Dec 21 %	Jun 21 %
Allen Taylor & Company Limited	(e)	Australia	-	-
Boral Building Products Inc	(e)	USA	-	-
Boral Concrete Tile Inc	(e)	USA	-	-
Boral Hollostone Masonry (South Aust) Pty Limited	(e)	Australia	-	-
Boral Lifetile Inc	(e)	USA	-	-
Boral Montoro Pty Limited	(e)	Australia	-	-
Boral Roofing LLC	(e)	USA	-	-
Boral Stone Products LLC	(e)	USA	-	-
Boral Windows LLC	(e)	USA	-	-
Duncan's Holdings Limited	(e)	Australia	-	-
Gerard Roof Products LLC	(e)	USA	-	-
Metrotile Manufacturing LLC	(e)	USA	-	-
Oberon Softwood Holdings Pty Limited	(e)	Australia	-	-
Piedras Headwaters S de R.L. de C.V.	(e)	Mexico	-	-
Tapco Europe Limited	(e)	UK	-	-

(e) This company was acquired as part of the Boral acquisition and disposed of on 1 October 2021.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

18. BUSINESS COMBINATION

Boral Limited acquisition

The Group obtained control of Boral under AASB 3: Business Combinations during the period. The takeover offer was concluded on 29 July 2021 with the Group having a 69.6 per cent ownership interest. On 7 July 2021, the Group obtained a 40 per cent effective interest in Boral which has been determined as the date that the Group obtained control of Boral, and accordingly the acquisition date. On 30 July 2021, Mr Ryan Stokes AO was appointed Chairman and Mr Richard Richards, the Group CFO, was appointed as a director.

At 30 June 2021, the Group held a 26.1 per cent interest in Boral and Boral's results were equity accounted. The difference between the fair value and carrying value of the Group's investment in Boral on acquisition date of \$756.8 million was recognised as a gain on revaluation in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Acquisition of controlled interests of \$552.7 million comprises cash paid of \$78.2 million, net of cash of acquired of \$638.2 million and the \$7.3 million of acquisition costs. For the Boral acquisition, the Group elected to recognise the non-controlling interests at their proportionate share in Boral's identifiable net assets.

The initial accounting for the acquisition of Boral is provisional. At the end of the half year the final valuation report for the Boral acquisition has not been received, with valuation still to be finalised in respect of property, plant and equipment, provisions, associated deferred tax and resulting goodwill recognised. The calculation of provisional goodwill on acquisition of \$1,142.2 million is outlined below. The provisional goodwill recognised from the Boral acquisition is attributable to the opportunity for future market development and expected revenue growth opportunities leveraging their integrated construction materials market position. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising from this acquisition is expected to be deductible for tax purposes. Costs of \$7.3 million relating to the acquisition have been incurred in the current period and are included in other expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

	Dec 21 \$m
Consideration	
Cash paid	78.2
Fair value of existing equity accounted interest	3,300.0
Total consideration	3,378.2
Identifiable assets acquired and liabilities assumed	
Cash acquired	638.2
Trade and other receivables	496.9
Inventories	569.5
Other assets	67.2
Assets held for sale	4,637.8
Property, plant and equipment	2,225.7
Right of use assets	123.2
Investments accounted for using the equity method	164.5
Identifiable intangible assets	98.9
Derivative financial instruments	19.9
Trade and other payables	(459.1)
Net deferred tax liabilities	(245.7)
Interest bearing loans and borrowings	(1,674.0)
Lease liabilities	(125.5)
Derivative financial instruments	(41.5)
Provisions	(321.8)
Employee benefits	(103.3)
Liabilities held for sale	(610.3)
Provisional fair value of identifiable net assets assumed	5,460.6
Goodwill on acquisition	
Total consideration transferred for accounting purposes at fair value	3,378.2
Add: Non-controlling interest in identifiable acquired net assets	3,224.6
Less: provisional fair value of identifiable net assets assumed	(5,460.6)
Goodwill on acquisition	1,142.2

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

18. BUSINESS COMBINATION (CONTINUED)

Acquired trade and other receivables fair value is disclosed in the table on the prior page. Gross contractual amounts of trade receivables are \$455.3 million, of which \$1.8 million are not expected to be collected. Contractual amounts of other receivables are \$43.4 million.

Boral has contributed revenue of \$1,500.4 million and a net profit after tax of \$12.5 million for the period from continuing operations and a further \$883.3 million of revenue and a net profit after tax of \$131.0 million from discontinued operations. Refer to Note 19: Discontinued Operations for further detail.

19. DISCONTINUED OPERATIONS

Disposal of businesses

During the current period, Boral has completed the following divestments:

- sale of the North American Building Products business in October 2021, which generated net cash proceeds of \$2.9 billion and a profit before tax of \$973.5 million;
- sale of the Timber products business in October 2021, which generated net cash proceeds of \$59.1 million and a loss before tax of \$3.3 million;
- sale of the 50 per cent interest in the Meridian Brick joint venture in October 2021, which generated net cash proceeds of \$167.0 million and a profit before tax of \$12.1 million; and
- sale of the Roofing and Masonry business in October 2021, which generated net cash proceeds of \$12.0 million and a loss before tax of \$3.8 million.

Due to the acquisition of Boral in the period by the Group, the fair value of the disposed businesses was incorporated into the fair value of assets held for sale and deferred tax acquired from Boral as set out in Note 18: Business Combination. As a result, the related gain on sale recognised by Boral in their 31 December 2021 half-year report has not been recognised at a Group level other than recycling of foreign currency reserves from the acquisition date.

The earnings in the current period for these businesses have been reclassified to 'Discontinued operations' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and are summarised below. The comparative has not been restated as Boral was not consolidated into the Group for the half-year ended 31 December 2020.

	Dec 21 \$m
Profit for the period from discontinued operations	
Revenue	883.3
Share of results from equity accounted investee	7.4
Net gain on sale of discontinued operations	30.8
Expenses excluding depreciation and amortisation	(745.3)
Profit before depreciation, amortisation, net finance expense and income tax	176.2
Depreciation and amortisation	-
Profit before net finance expense and income tax	176.2
Net finance expense	(3.2)
Profit before income tax	173.0
Income tax expense	(42.0)
Profit for the period from discontinued operations	131.0
Profit for the period from discontinued operations attributable to:	
Equity holders of the Company	91.2
Non-controlling interest	39.8
Profit for the period from discontinued operations	131.0

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

19. DISCONTINUED OPERATIONS (CONTINUED)

	Dec 21 \$m
Cash flows from discontinued operations	
Net operating cash flows	99.3
Net investing cash flows	3,024.5
Net financing cash flows	(20.1)
Net cash flows from discontinued operations	3,103.7

The net gain on sale of discontinued operations is subject to finalisation of working capital adjustments, which is expected by 30 June 2022.

As part of Boral's portfolio review and the decision to exit the North American businesses, the remaining North American business has been classified as assets/(liabilities) held for sale (refer to Note 20). On 6 December 2021, Boral announced that it has entered into an agreement with Eco Material Technologies Inc to sell its North American Fly Ash business for a total consideration of US\$755 million (~A\$1 billion). On 11 February 2022, the Boral Group completed the sale of this business.

20. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE

	Dec 21 \$m	Jun 21 \$m
Assets classified as held for sale^(a)		
Trade and other receivables	95.2	-
Inventories	30.5	-
Property, plant and equipment	313.7	5.0
Intangible assets	679.5	-
Fair value adjustment	150.0	-
Derivative financial assets	38.1	-
Other assets	45.2	-
Assets classified as held for sale	1,352.2	5.0
Liabilities classified as held for sale^(a)		
Trade and other payables	(98.4)	-
Interest bearing loans and borrowings	(107.1)	-
Net tax liabilities	(88.4)	-
Provisions	(54.3)	-
Employee benefits	(47.6)	-
Liabilities classified as held for sale	(395.8)	-
Net assets	956.4	5.0

(a) Included in Assets classified as held for sale is \$3.1 million (June 2021: \$5.0 million) of hire fleet assets in property, plant and equipment held for immediate sale by Coates. The remaining assets and liabilities classified as held for sale relate to the Boral segment.

These assets and liabilities are expected to be disposed of within 12 months. Refer to Note 19: Discontinued Operations for further details.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

21. EVENTS SUBSEQUENT TO BALANCE DATE

Other than as outlined below, there has not arisen in the interval between 31 December 2021 and the date of this Report any event that would have had a material effect on the Consolidated Interim Financial Report as at 31 December 2021.

Fixed term US dollar notes

On 14 January 2022, a wholly owned subsidiary of the Group has obtained funding under a US Private Placement arrangement totalling \$905.0 million. The facilities consist of three US dollar tranches of US\$124.0 million, US\$123.0 million and US\$120.0 million which are due in 2029, 2032 and 2034 respectively. There is also three Australian dollar tranches of \$140.0 million and two tranches of \$130.0 million each due in 2029, 2032 and 2034 respectively. The foreign exchange elements of the US dollar tranches are fully hedged.

Boral capital return

On 1 February 2022, Boral Limited, a 69.6 per cent subsidiary of the Group, announced it will return \$3 billion of surplus capital to Boral shareholders. The cash distribution of \$2.72 per Boral share was in the form of a \$2.65 per share capital reduction, totalling \$2,923 million and an unfranked dividend of 7 cents per share, totalling \$77 million. The capital was returned to Boral shareholders on 14 February 2022.

Bridge facility

On 14 January 2022, the Group repaid \$970.0 million of the Bridge facility obtained to facilitate the acquisition of Boral Limited. On 14 February 2022, the Group repaid a further \$1,735.0 million of the Bridge facility. The outstanding balance of the facility as at this date was \$265.0 million.

Sale of North American Fly Ash business

On 11 February 2022, Boral Limited completed the sale of its North American Fly Ash business to Eco Material Technologies Inc for US\$755.0 million.

Movement in share prices of listed investments

Subsequent to period end, there has been movement in the share prices of listed investments and as a result, the value of the Group's investments have varied from what is presented in this interim financial report. The market value of listed investments at 21 February 2022 compared to their market value at 31 December 2021 is outlined below.

	Market value	
	21 Feb 22	31 Dec 21
	\$m	\$m
Listed equity securities	55.3	62.7
Listed investments accounted for using the equity method	1,397.1	1,242.3
Total listed investments	1,452.4	1,305.0

22. RELATED PARTY TRANSACTIONS

Arrangements with related parties continue to be in place. For details of these arrangements refer to the Remuneration Report and Note 33 of the 2021 Annual Report. There has not been any substantial related party transactions during the period other than an interest bearing loan payable of \$40.0 million and receivables of \$24.3 million from related party joint venture entities.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

23. CONTINGENT LIABILITIES AND COMMITMENTS

There has not been any material change to the Group's contingent liabilities and commitments as disclosed in the 2021 Annual Report other than contingent liabilities acquired as part of the acquisition of Boral including bank guarantees, environmental and legal actions.

Bank guarantees

The Group has granted indemnities to banks to cover bank guarantees given on behalf of controlled entities to a maximum exposure of \$43.0 million.

Environmental contingent liabilities

The Group's activities have historically involved the extraction of resources from the natural environment as well as the handling of materials that could contaminate the natural environment. As a consequence of these activities, the Group has incurred and may continue to incur environmental costs associated with closure, remediation, aftercare and monitoring. Provisions have been recognised for the sites where obligations are known to exist and the cost can be reliably measured. However, additional environmental costs may be incurred due to factors outside the Group's control such as changes in the laws and regulations that govern land use and environmental protection across the various jurisdictions in which we operate.

Boral shareholder class action

During 2020, Boral Limited was served with three shareholder class action proceedings filed in the Federal Court by Quinn Emanuel, Maurice Blackburn and Phi Finney McDonald. The proceedings allege disclosure breaches in relation to financial irregularities in Boral's North American Windows business. The Federal Court considered the multiplicity of claims during March 2021, determining that the Maurice Blackburn filed class action could continue on an open basis and that the Quinn Emanuel filed class action would be permanently stayed. In August 2021, the Federal Court determined that the Phi Finney McDonald filed proceeding would continue on a 'closed' basis. It is not possible to determine the ultimate impact, if any, of the proceedings on Boral. Boral continues to vigorously defend the proceedings.

Directors' Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

The Directors of Seven Group Holdings Limited (the Company) are pleased to present their report together with the consolidated financial statements, comprising the Company and its subsidiaries (the Group), for the half-year ended 31 December 2021 and the review report thereon.

DIRECTORS

The Directors of Seven Group Holdings Limited at any time during or since the end of the half-year are:

NAME	PERIOD OF DIRECTORSHIP
EXECUTIVE	
Kerry Matthew Stokes AC (Executive Chairman - retired)	Director and Executive Chairman since April 2010 and retired 17 November 2021
Ryan Kerry Stokes AO (Managing Director & Chief Executive Officer)	Director since February 2010 and Managing Director & Chief Executive Officer since July 2015
NON-EXECUTIVE	
Sally Annabelle Chaplain AM	Director since November 2015
Terry James Davis (Chairman)	Director since June 2010 and Chairman since 17 November 2021
Katherine Leigh Farrar	Director since February 2019
Rachel Herman (Argaman) OAM	Director since February 2022
Christopher John Mackay	Director since June 2010
David Ian McEvoy	Director since May 2015
Warwick Leslie Smith AO	Director since September 2014
Richard Anders Uechtritz	Director since June 2010

REVIEW OF RESULTS AND OPERATIONS AND SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

A review of operations and of the results of those operations is attached and forms part of this Report.

On 29 July 2021, a wholly-owned subsidiary of Seven Group Holdings Limited obtained 69.6 per cent effective ownership interest in Boral Limited (Boral) as a result of an off-market takeover. Accordingly, the results of Boral are now consolidated into the Group's results. Refer to Note 18: Business Combination for further detail.

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

The Registered Office and Principal Place of Business is:

Street address	Postal address
Level 30, 175 Liverpool Street	PO Box 745
Sydney NSW 2000	Darlinghurst NSW 1300

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 38 and forms part of the Directors' Report for the half-year ended 31 December 2021.

ROUNDING OFF

The Company is of a kind referred to in ASIC Instrument 2016/191 and in accordance with that Instrument, amounts in the Directors' Report and the half-year Financial Report are rounded off to the nearest whole number of million of dollars and one place of decimals representing hundreds of thousands of dollars unless otherwise stated.

Signed in accordance with a resolution of the Directors



TJ Davis
Chairman

Sydney, 22 February 2022

22 February 2022

The Board of Directors
Seven Group Holdings Limited
Level 30
175 Liverpool Street
Sydney NSW 2000

Dear Board Members

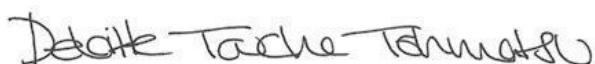
Auditor's Independence Declaration to Seven Group Holdings Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Seven Group Holdings Limited.

As lead audit partner for the review of the half year financial report of Seven Group Holdings Limited for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review;
and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



H Fortescue
Partner
Chartered Accountants

Directors' Declaration

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

In the opinion of the Directors of Seven Group Holdings Limited (the Company):

1. the consolidated financial statements and notes set out on pages 5 to 36 are in accordance with the *Corporations Act 2001* including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its 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; and
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.

Signed in accordance with a resolution of the Directors.



TJ Davis
Chairman

Sydney, 22 February 2022

Independent Auditor's Review Report to the Members of Seven Group Holdings Limited

Conclusion

We have reviewed the half-year financial report of Seven Group Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

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

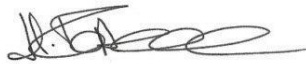
Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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



DELOITTE TOUCHE TOHMATSU



H Fortescue
Partner
Chartered Accountants
Sydney, 22 February 2022

CORPORATE DIRECTORY

DIRECTORS

Terry Davis (Chairman)
Kerry Stokes AC (retired Nov 2021)
Ryan Stokes AO (MD & CEO)
Annabelle Chaplain AM
Kate Farrar
Rachel Herman (Argaman) OAM
Christopher Mackay
David McEvoy
Warwick Smith AO
Richard Uechtritz

COMPANY SECRETARY

Warren Coatsworth

HEAD OFFICE AND REGISTERED OFFICE

Seven Group Holdings Limited
ABN: 46 142 003 469
Level 30, 175 Liverpool Street
Sydney NSW 2000
Ph: 02 8777 7574

SHARE REGISTRY

Boardroom Pty Limited
Level 12, Grosvenor Place
225 George Street
Sydney NSW 2000

AUDITOR

Deloitte Touche Tohmatsu
Level 9, Grosvenor Place
225 George Street
Sydney NSW 2000

KEY OPERATING BUSINESSES

WesTrac WA
128-136 Great Eastern Highway
South Guildford WA 6055
Ph: 08 9377 9444

WesTrac NSW
1 WesTrac Drive
Tomago NSW 2322
Ph: 02 4964 5000

WesTrac ACT
78 Sheppard Street
Hume ACT 2620
Ph: 02 6290 4500

Coates - Head Office
Level 6, 241 O'Riordan Street
Mascot NSW 2020
Ph: 13 15 52

Coates - East Business Unit
6 Greenhills Avenue
Moorebank NSW 2170
Ph: 13 15 52

Coates - South Business Unit
120 South Gippsland Highway
Dandenong VIC 3175
Ph: 13 15 52

Coates - North Business Unit
56-61 Meakin Road
Meadowbrook QLD 4131
Ph: 13 15 52

Coates - West Business Unit
18 Wheeler Street
Belmont WA 6104
Ph: 13 15 52

AllightSykes WA
12 Hoskins Road
Landsdale WA 6065
Ph: 08 9302 7000

SGH Energy
Level 4, 160 Harbour Esplanade
Docklands VIC 3008
Ph: 03 8628 7277

Boral Limited
Level 18, 15 Blue Street
North Sydney NSW 2060
Ph: 02 9220 6300

Concrete
NSW 1300 552 555
QLD 1300 305 980
SA 1300 653 862
VIC 13 30 06
TAS 03 6337 5333
WA 13 26 75

Quarries
NSW 1300 723 999
NT 1300 305 978
QLD 1300 305 978
SA 1300 136 332
TAS 03 6337 5333
VIC 1300 650 564
WA 13 26 75

Cement & Lime
NSW 02 9033 4000
QLD 07 3272 9898
TAS 03 6427 0133
VIC 1800 673 570

Asphalt
NSW 02 8801 2000
NT 08 8947 0844
QLD 07 3867 7600
SA 08 8425 0400
VIC 1300 132 964
WA 08 9458 0400

Logistics
NSW 02 9033 5388
QLD 07 3271 4044
SA 08 8425 0400
TAS 03 6337 5333
VIC 03 9981 2800
WA 08 9333 3654

NSW De Martin & Gasparini
02 9748 5100

NSW Concrete
02 9542 4242

QLD Q-Crete
1300 727 383

QLD Allens Asphalt
07 3203 1566

VIC Alsafte Premix Concrete
03 9308 6300

QLD Pro Concrete Group
07 5593 7860

