ASX Announcement

Appendix 4E for the year ended 31 July 2021

23 September 2021 - Washington H. Soul Pattinson and Company Limited (**ASX: SOL**) provides the attached Appendix 4E and Preliminary Final Report in accordance with the Listing Rules. The following are the key dates relating to the Company's year end results:

Final Dividend Ex-Date:	Friday, 19 November 2021
Final Dividend Record Date:	Monday, 22 November 2021
Annual General Meeting:	Friday, 10 December 2021
Dividend Payment Date:	Tuesday, 14 December 2021

The final date for receipt of director nominations in accordance with the Listing Rules is Friday, 22 October 2021.

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This ASX announcement was authorised for release by the WHSP Board.

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ASX Appendix 4E and Preliminary Final Report 31 July 2021

Lodged with the ASX under Listing Rule 4.3A

Appendix 4E
Full Year Report

ASX Listing Rule 4.3A

Results for announcement to the market

		Current period July 2021 $'000	Prior period July 2020 $'000	Change $'000
Revenue from continuing operations	up 9.7% to	1,501,778	1,368,467	133,311
Profit after tax attributable to members	down 71.3% to	273,196	952,967	(679,771)
Regular profit after tax attributable to members[1]	up 93.2% to	328,115	169,800	158,315

Dividends

	Cents per share cents	Franking %
This period		
Final Dividend	36.0	100
Interim Dividend	26.0	100
Previous corresponding period		
Final Dividend	35.0	100
Interim Dividend	25.0	100

Record date for determining entitlement to final dividend:	22 November 2021
Date the Final Dividend is payable:	14 December 2021

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

1 *Regular profit after tax is a non-statutory profit measure and represents profit before non-regular items. A reconciliation to statutory profit is included in the section Alternative Performance Measures. Refer to page 22.*

Comments on above results

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

Regular profit after tax attributable to members

The regular profit after tax attributable to shareholders for the year ended 31 July 2021 was $328.1 million compared to $169.8 million for the previous year.

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

	$m	% Change
Round Oak Minerals saw increased revenues from improved production levels at all operations combined with strengthening commodity prices and lower ore treatment charges	103.3	243%
Higher investment and trading income	50.3	89%
Brickworks building products Australia and property divisions increased their contributions through cost savings and property revaluations respectively, partly offset by a lower contribution from building products North America where the COVID-19 pandemic significantly disrupted operations	39.9	95%
New Hope revenues were higher due to increased USD thermal coal prices	18.8	45%
Partly offset by a reduced contribution from the Telecommunications portfolio due to the FY2020 derecognition of TPG as an associate, removing any profit recognition during FY2021	(54.0)	-75%
Total	**158.3**	**93%**

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

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

The statutory profit after tax attributable to shareholders includes one-off gains and losses. In FY2021 statutory profit was $273.2 million compared to $953.0 million for the same time last year. The decrease of $679.8 million was largely due to the prior year including a one-off accounting gain of $1.05 billion arising from the derecognition of TPG as an equity accounted associate following the merger of TPG and Vodafone. That large one-off gain in FY2020 was not repeated in FY2021.

Earnings per share[1,2,3]

	Current period 31 July 2021 cents	Prior period 31 July 2020 cents
Basic Earnings per Share	114.12	398.07
Diluted Earnings per Share[1]	113.41	398.07
From regular profit after tax[2] attributable to members	137.06	70.93
	2021 $	**2020** $
Net tangible asset backing per ordinary security[3] (based on the Consolidated Statement of Financial Position)	15.90	16.93

Review of operations

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

Audit

Preliminary Final Report has not been audited.

1 *Diluted EPS has not been adjusted for any long-term incentive plan rights that vest in future financial years as these rights are expected to be satisfied by purchasing shares on market.*

2 *Regular profit after tax is a non-statutory profit measure and represents profit before non-regular items. A reconciliation to statutory profit is included in the section Alternative Performance Measures. Refer to page 22.*

3 *Refer to the Chairman's Review for the market based Net Asset Value of the Group.*

Full Year Financial Report
31 July 2021

Contents

Chairman's Review

Dear Shareholders,

I am pleased to present the 2021 Washington H. Soul Pattinson and Company Limited (WHSP, Company) Appendix 4E and Preliminary Final Report on behalf of the Board of Directors of the Company.

Key Highlights

Performance for the period	12 months to 31 July 2021	% Change
Group regular profit after tax[1]	$328.1 million	+93%
Group statutory profit after tax	$273.2 million	-71%

Key Performance Indicators	2021	% Change
WHSP net asset value (pre-tax)[2]	$5,803 million	+12%
Net cash flow from investments[3]	$180.3 million	-29%
2021 dividends per share (fully franked)	62 cents	+3%
Total Dividend growth over 20 years (ordinary dividend compound annual growth rate)	+8.1%	
Total Shareholder Return over 20 years (to 31 July 2021)	+13.4%	

1 *Group regular profit after tax is a non-statutory profit measure and represents profit from continuing operations before non-regular items. In the prior year, TPG was derecognised as an Associate, which means there is no longer an equity accounted regular profit contribution from TPG. In addition, following the merger, TPG changed its balance date to 31 December which impacted the timing of its interim and final dividends. In the current year, there was only one dividend included from TPG recorded in regular profit after tax. A reconciliation to statutory profit is included in Alternative Performance Measures, page 22.*

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

3 *Refer to Alternative Performance Measures on page 21 for the definition of net cash flow from investments.*

Overview

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

Dividends are paid out of the net cash flows from our investments, which fell by 29% on the prior corresponding period, but increased by 6% over the FY2019 result. This is a robust performance given the significant reduction in the dividends received from New Hope, as well as the large one-off special dividend received from TPG Telecom in the 2020 financial year following the merger with Vodafone.

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

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

Despite the ongoing impacts of COVID-19, the portfolio continues to perform well with most investments increasing earnings in FY21. This was reflected in the Group regular profit after tax increasing 93% on the previous year.

The Net Asset Value of the portfolio significantly outperformed the Index in FY20 when the market was sold off and WHSP's defensive portfolio increased. Consequently, the Net Asset Value of the portfolio did not match the rate of market recovery in FY20, underperforming by 18.3% over the previous 12 months.

One of WHSP's key advantages to generating returns is its flexible mandate to make long-term investment decisions and adjust its portfolio by changing the mix of investment classes over time. WHSP was an active investor in FY21, with investments and disposals totalling approximately $1.1 billion.

WHSP maintains a strong balance sheet with modest gearing and a relatively high level of liquidity. WHSP also has available profit reserves and franking credit balances that provide confidence and support its aim of paying a stable and growing dividend year-on-year.

Total Shareholder Returns (TSR) to 31 July 2021

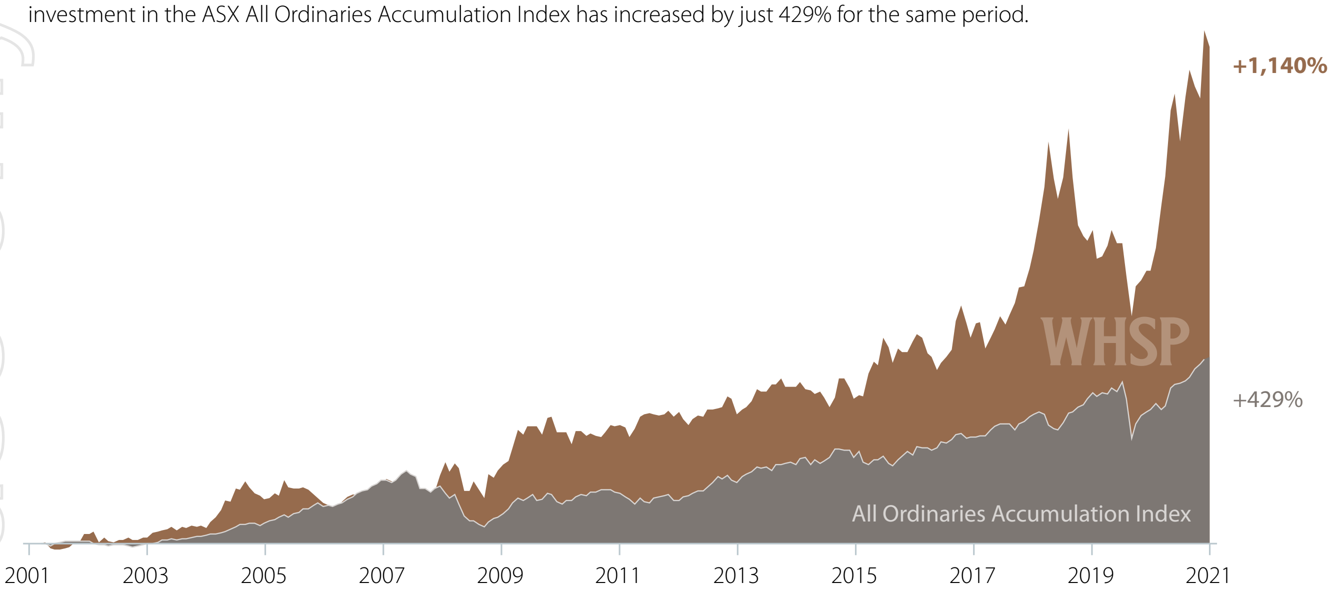
Annualised TSRs	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
WHSP	**70.4%**	**17.1%**	**16.4%**	**13.0%**	**13.6%**	**13.4%**
All Ordinaries Accumulation Index	30.4%	10.2%	10.4%	9.9%	7.3%	8.7%
Relative Performance[1]	40.0%	6.8%	6.0%	3.1%	6.3%	4.7%

The above table shows the TSRs for WHSP shares for various periods and compares them to the ASX All Ordinaries Accumulation Index, which also includes the reinvestment of dividends. WHSP is focused on long-term growth and has outperformed the index in every period shown above. Over the last 20 years, WHSP has outperformed the market by 4.7%.

1 *Relative performance compared to the All Ordinaries Accumulation Index.*

20 Year Total Shareholder Return

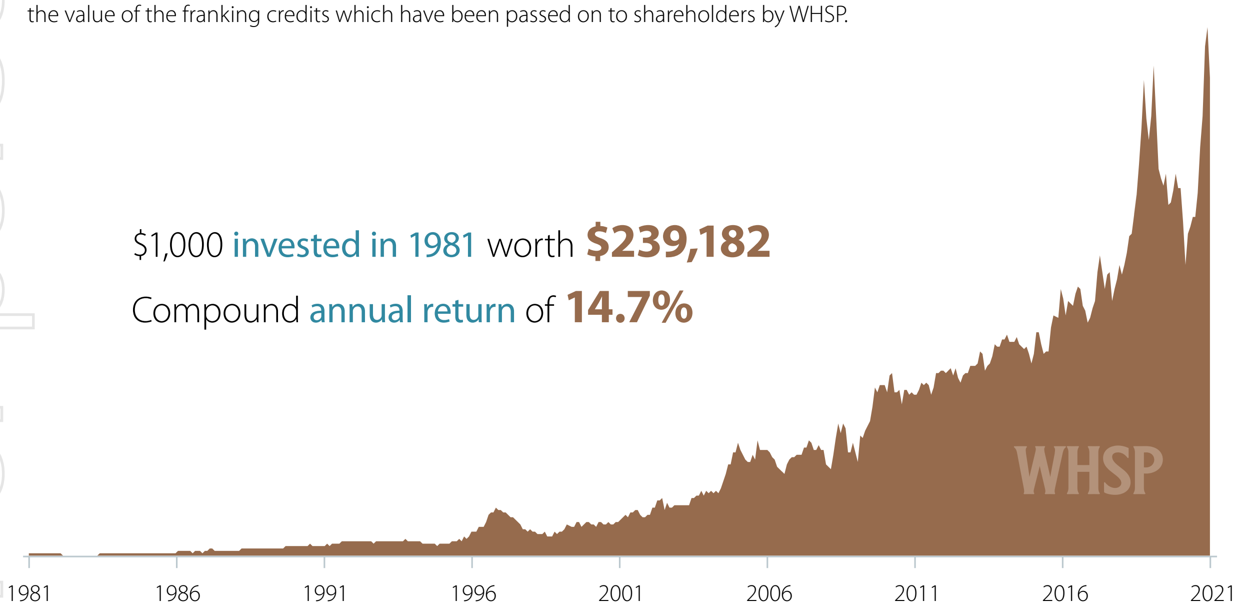
Since 1 August 2001, an investment in WHSP has increased 1,140% over the last 20 years while an investment in the ASX All Ordinaries Accumulation Index has increased by just 429% for the same period.



Cumulative performance to 31 July 2021 (Including reinvestment of dividends).

40 Year Total Shareholder Return

This performance has been maintained for a long period of time. If a shareholder had invested $1,000 in 1981 and reinvested all dividends, the shareholding would have appreciated to $239,182 as at 31 July 2021. This equates to a compound annual growth rate of 14.7% year on year for 40 years. This growth does not include the value of the franking credits which have been passed on to shareholders by WHSP.



Cumulative performance to 31 July 2021 (Including reinvestment of dividends).

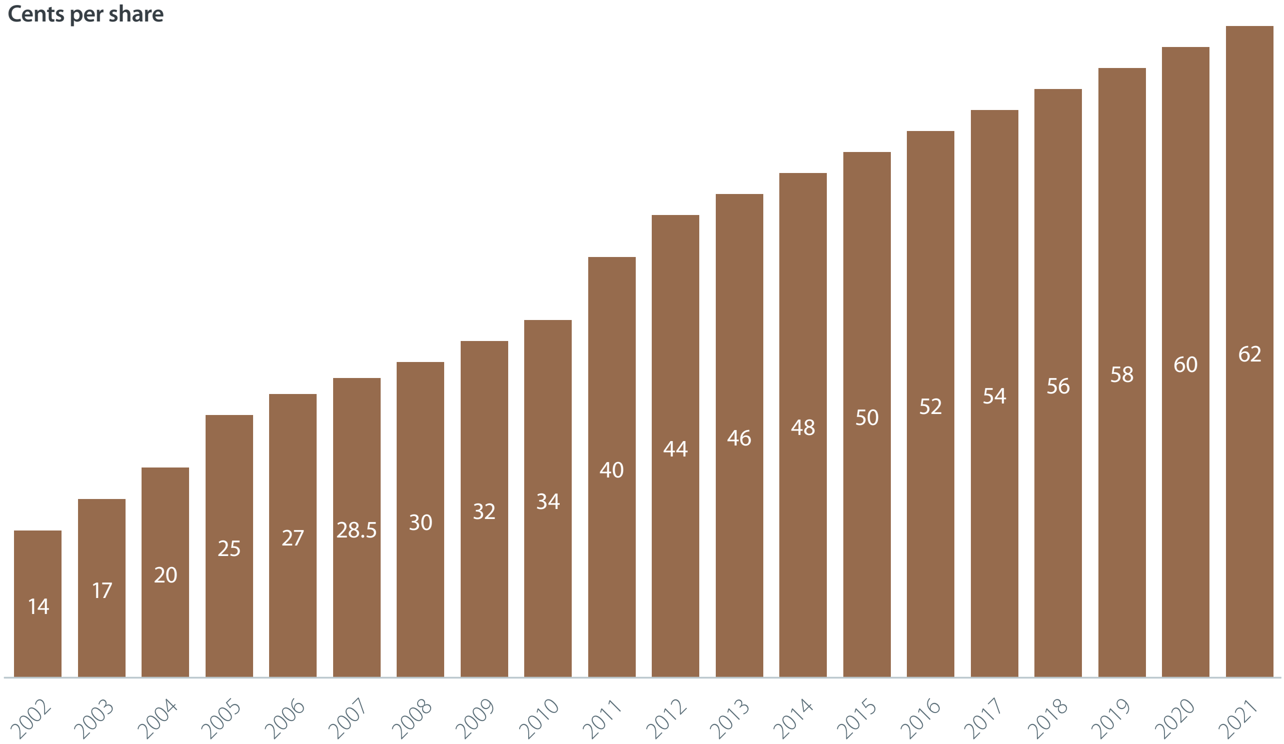
Dividends

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

The net cash inflow from investments for the year was $180.3 million, down 29% compared to the 2020 financial year. This decrease was mainly due to the large TPG special dividend received in the 2020 financial year following the merger with Vodafone.

20 Year dividend history

Cents per share



Full Year dividend[1]

The Directors have resolved to pay a fully franked final dividend of 36 cents per share in respect of the period ending 31 July 2021 (2020: 35 cents fully franked).

The record date for the final dividend will be 22 November 2021 with payment due on 14 December 2021. The last day to purchase shares and be eligible for the final dividend is 18 November 2021.

For the 2021 financial year, WHSP will pay 82% of its net cash flow from investments as dividends to shareholders (2020: 56%).

1 Refer to Alternative Performance Measures on page 21 for the definition of net cash flow from investments.

Consolidated financial performance and portfolio Net Asset Value

Regular profit after tax attributable to members[1]

The regular profit after tax attributable to shareholders for the period ending 31 July 2021 was $328.1 million compared to $169.8 million for the previous corresponding period.

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

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Partly offset by a reduced contribution from the Telecommunications portfolio due to the FY2020 derecognition of TPG as an associate, removing any profit recognition during FY2021	(54.0)	– 75%
Total	**158.3**	**93%**

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

Net profit after tax attributable to members

The statutory profit after tax attributable to shareholders includes unusual or non-operating gains and losses which are typically one-off in nature. In FY2021 statutory profit was $273.2 million compared to $953.0 million for the same time last year. The decrease of $679.8 million was largely due to the prior year including a one-off accounting gain of $1.05 billion arising from the derecognition of TPG as an equity accounted associate following the merger of TPG and Vodafone. This large one-off gain in FY2020 was not repeated in FY2021.

A comparison with the previous corresponding period is as follows:

	2021 $m	2020 $m	Change %
Regular profit after tax[1] attributable to shareholders	328.1	169.8	93%
Statutory profit after tax attributable to shareholders	273.2	953.0	– 71%
Final dividend (paid 14 December 2021)	36 cents	35 cents	3%
Interim dividend (to be paid 13 May 2021)	26 cents	25 cents	4%
Total dividends (calendar year)	**62 cents**	**60 cents**	**3%**

1 *Regular profit after tax is a non-statutory profit measure and represents profit from continuing operations before non-regular items. A reconciliation to statutory profit is included in Alternative Performance Measures on page 22.*

Net Asset Value of WHSP

As at 31 July 2021	Value of WHSP's Holding $m	12 month Movement $m	%
Telecommunications Portfolio[1]	1,523	(444)	– 23%
Brickworks[1]	1,592	520	49%
New Hope Corporation[1]	662	117	21%
Financial Services Portfolio[1,2]	398	87	28%
Pharmaceutical Portfolio[1]	280	(5)	– 2%
Round Oak Minerals[2]	234	73	45%
Equities Portfolio[1]	786	275	54%
Private Equity Portfolio[2]	367	95	35%
Property Portfolio[2]	110	20	22%
Structured Yield Portfolio[2]	295	148	100%
Cash and other net assets (excluding borrowings)	71	(193)	– 73%
Less: external borrowings[3]	(515)	(69)	15%
Net asset value (pre-tax)[4,5]	**5,803**	**624**	**12%**

The net asset value of WHSP is summarised in the table above. The pre-tax value as at 31 July 2021 was $5.8 billion, up 12.1% compared to 31 July 2020. This is 18.3% below the All Ordinaries Index which increased by 30.4% for the same period.

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

- In December 2020, the investment in New Hope Corporation was sold down from 49.98% to 43.94% realising proceeds of $70.0 million.
- In July 2021, the investment in New Hope Corporation was sold down further from 43.94% to 39.85% (34 million shares) realising proceeds of $61.5 million. Concurrently, WHSP entered into a cash settled equity swap to maintain its economic exposure to 34 million New Hope shares.
- New investments included a net increase in the corporate loan book included in the Structured Yield portfolio.

To fund new acquisitions and to provide liquidity for further investment opportunities WHSP increased its borrowings by $69 million since 31 July 2020. This included $225 million from an unsecured senior convertible notes issue in January 2021. The net proceeds from the convertible notes, after deducting all the related costs and expenses, were $221.1 million. The issue of the convertible notes lowered WHSP's average cost of debt and increased WHSP's debt maturity profile. The proceeds were used to repay approximately $200 million of existing financial indebtedness, with the remaining proceeds applied to strengthen the Parent Entity's liquidity position.

1 *At market value*
2 *At cost or Directors' valuation*
3 *Refer to note 14 for details regarding external borrowings*
4 *The tax payable would be approximately $1.119 billion if all assets had been realised at NAV as at 31 July 2021*
5 *Net asset value (pre-tax) is calculated as follows: the value of WHSP's assets less all its liabilities (other than the tax that would be payable upon the sale of its assets). Assets are valued at market value, cost or independent valuation or Directors' valuation*

Milton merger provides increased diversification, liquidity and scale

On 13 September 2021, Milton shareholders approved the Scheme of Arrangement where Milton shares will be exchanged for shares in WHSP. The combination of these two great investment houses, with aligned value focused long term investment philosophies, will create a leading more diversified Australian investment house focused on continuing long term market outperformance and growth in dividends. In addition, the merger will:

- Further diversify WHSP's portfolio and provide liquidity to pursue new investments in growth asset classes;
- Increase cash generation from higher portfolio dividends;
- Uplift Net Asset Value per share;
- Significantly increase the number of WHSP shareholders creating greater liquidity for our shares;
- Increase the free-float and index weighting of WHSP; and
- Expand the WHSP investment team with the addition of the Milton team who bring complementary skills and experience.

The merger, including the issue of WHSP shares to Milton shareholders, is on track for completion on 5 October 2021.

R D Millner

Chairman

Review of Investments and Group Entities as at 31 July 2021

Telecommunications Portfolio

The Telecommunications Portfolio is made up of TPG Telecom Limited (ASX:TPG) and Tuas Limited (ASX:TUA) Limited. WHSP owns 12.6% of TPG and 25.3% of Tuas.

TPG has made strong progress on integrating the former TPG and Vodafone business and realising merger synergies in the first full year of combined operations. 5G coverage targets were exceeded and in June 2021, TPG launched its 5G home wireless product as an alternative to the NBN. In addition, the 4G home wireless customer base tripled over the first half of 2021.

The merged TPG now has 7.5 million consumer and business services, strong visible brands and a valuable portfolio of infrastructure assets to harness and improve customer experience and shareholder returns. However, external factors such as NBN margin erosion, the new Regional Broadband Scheme levy and the impact of COVID-19 on international roaming present challenges and weigh on current financial performance.

Tuas Limited is in the process of rolling out mobile infrastructure in Singapore. It launched commercial services at the end of March 2020 and by September 2020 secured 133,000 paid active subscribers. Full coverage has been reached in outdoor locations and road tunnels. Coverage of rail tunnels is expected to be completed by the end of 2021.

Performance

TPG announced its half year 2021 results in August 2021. It reported revenue of $2.6 billion, EBITDA of $886 million and a net profit after tax of $76 million. TPG delivered $38 million in merger cost savings and expects to achieve annual savings of $70 million over 2021.

In the first full year of trading as a merged entity it generated operating cash flows of $1,367 million and declared an interim dividend of 8 cents per share to be paid in October 2021. A final 2020 dividend of 7.5 cents was paid in April 2021.

Contribution to WHSP

The value of WHSP's telecommunications interests (TPG and TUA) fell by 22.5% to $1.524 billion over the 12 months to 31 July 2021.

In the WHSP 2021 financial year, only one dividend was received from TPG, totalling $17.6 million. No dividend income was recorded as revenue in the first half of the 2021 financial year due to the change in the TPG balance date. TPG did not contribute equity accounted profits to the Group's net profit after tax for the 2021 financial year (2020: $1.1 billion) as WHSP ceased to equity account the profits of TPG from 29 June 2020.

Tuas is in a start-up phase and made an equity accounted loss for the 2021 financial year.

Outlook

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

The merged entity will be able to offer bundled services across better network infrastructure and achieve synergies through reduction of duplicate costs. It is targeting $70m in annual cost synergies in calendar 2021, growing to at least $125m annual savings by 2023.

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

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

Brickworks Limited

Performance

Brickworks delivered a strong financial result for the 2021 financial year with underlying net profit after tax (NPAT) of $285 million, up 95% on the prior year and demonstrating the resilience of its businesses in challenging times.

After including discontinued operations and the impact of significant items, the statutory NPAT of Brickworks was $239 million, down 20% on the prior year. Last year's statutory result included an equity accounted share of a significant one-off gain booked by WHSP arising from the TPG – Vodafone merger.

The directors of Brickworks have declared a fully franked final dividend of 40 cents per share for the year ended 31 July 2021, up 2.6% from 39 cents in the prior year. For the 2021 financial year, Brickworks has declared total dividends of 61 cents per share (2020: 59 cents per share).

Building Products Australia

Despite flat revenue, operational performance across all divisions improved significantly due to cost control. Building Products Australia recorded an EBITDA from continuing operations of $97 million in 2021 up 8% compared to the same time last year.

Demand was subdued early in the half, steadily increasing as consumer confidence rebounded and supported by government stimulus. This momentum came to an abrupt halt in New South Wales late in the financial year, with the State Government announcing a two week pause of all construction work in greater Sydney, in response to a new outbreak of COVID-19.

A major capital investment program totalling $205 million is underway to enhance Brickworks competitive position. Commissioning of the masonry plant is now well underway. The brick plant is expected to be completed by the end of calendar 2022.

Building Products North America

The total value of building activity over the 12 months to June 2021 was up 5% compared to the same time last year. Building Products North America delivered EBITDA of US$20 million, up 10% on the prior year and EBIT of US$6 million, down 6%. Reported in Australian dollars, EBITDA was relatively flat at $26 million and EBIT was down 15% to $8 million.

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

In just under three years Brickworks has built a brick business with significant scale and a leading market position in the Northeast of the United States. Over the long term, North American operations are expected to deliver further earnings growth for many years to come, with Brickworks focussed on implementing their proven market strategy focussed on style and premium product positioning.

Property

The property division delivered EBIT of $253m, up 95% over the previous corresponding period. Revaluations contributed $149 million to property EBIT, following average basis point compression in capitalisation rates of 25 basis points in the first half of the 2021 financial year, followed by a further 60 to 65 basis points in the second half.

As at 31 July 2021, the total value of leased assets held within the Property Trust was $1,982 million. The annualised gross rent generated from the Property Trust is $89 million, the weighted average lease expiry is 4.9 years and the average capitalisation rate is 4.2%. There are currently no vacancies in the portfolio.

The continuing strong demand for industrial land reflects structural changes across the economy, as companies modernise their supply chains in response to consumer preferences, such as on-line shopping. The Property Trust is ideally placed to take advantage of these trends, with well-located prime industrial land on large lot sizes. Current development activity at Oakdale in New South Wales and Rochedale in Queensland will drive growth in rent and asset value over both the short and medium term.

In total, there is 284,100m^2 of pre-committed gross lettable area ("GLA") across the various Property Trust Estates. The completion of these facilities over the next two years will result in gross rent within the Property Trust increasing by around $51 million, representing an uplift of almost 60% from the current level.

In addition to the pre-committed facilities, a further 227,900m^2 of GLA remains available for development within the Trust and will provide further opportunity for growth in the years ahead.

Outside of the Trust, Brickworks retains other significant parcels of surplus land, suitable for development in the future. The largest site held for development is at Craigieburn in Victoria. Brickworks is currently reviewing the option of an industrial development on this land, given recent strong land growth in the Melbourne industrial market.

Contribution to WHSP

Brickworks contributed $81.8 million to the WHSP Group regular profit after tax for the year (2020: $42.0 million). This contribution excludes the WHSP profit taken up by Brickworks under the equity accounting method.

Brickworks contributed $74.2 million to the WHSP Group net profit after tax for the year (2020: $19.9 million). The increase in contribution was largely due to the strong performance of the property division and tight cost control in its building products businesses in Australia and North America.

Outlook

Building Products Australia

Within Building Products Australia, underlying demand across the country is strong, with a large backlog of detached housing construction work in the pipeline. This follows the various state and federal incentives which prompted an unprecedented surge in approvals early in 2021.

In most states across Australia this healthy pipeline of work is translating to strong sales into the detached housing segment, and we expect this will continue. In some areas, sales volume is being limited by the availability of trades.

However, in New South Wales, Brickworks' largest market, the restrictions in place to suppress the COVID-19 pandemic have adversely impacted sales and required Brickworks to reduce production to prevent stock build.

In the short-term significant uncertainty persists, with the potential for new restrictions remaining ever present across all states. However, with vaccination rates across Australia now approaching government targets, Brickworks are hopeful that by the second half of the 2022 financial year, the prospect of any further restrictions will be less likely.

Building Products North America

August 2021 saw further expansion of Building Products North America, with the acquisition of IBC, the leading brick distributor in Illinois and Indiana. This will significantly increase the scale of Brickworks direct distribution network, increasing the store count from 10 to 27.

Importantly, sales volume through the IBC network will underpin production volume at Brickworks Midwest plants, which have ample capacity to accommodate additional sales growth. The acquisition will bring Brickworks' total workforce in the United States to more than 1,000.

In North America, supportive government policy and low interest rates is driving a strong increase in single family residential approvals across the United States. However, the non-residential building segment is expected to remain relatively subdued.

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

Property

Activity within the Property Trust remains strong, with the completion of developments at Oakdale (NSW) and Rochedale (QLD) to drive growth in rent and asset value over the next few years. With infrastructure to Oakdale West nearing completion, the Estate is now 58% pre-committed with three new tenants joining Amazon and Coles. Demand for remaining space is high and availability is becoming limited, particularly for facilities over 35,000m^2.

The completion of the new brick plant at the Horsley Park Plant 2 site in late 2022, will allow the release of additional land at Oakdale East, where Plant 3 is currently located.

This land is likely to be sold into the Trust and will therefore allow further expansion of the Oakdale East estate to meet the growing demand from tenants.

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

New Hope Corporation Limited

New Hope has weathered many coal price cycles in its long history, but never one driven by such a unique set of circumstances; a pandemic, increasing tension with Australia's major trading partner, and finishing the year with thermal coal prices at a 10 year high.

Performance

For 2021 financial year, New Hope generated an underlying earnings before interest, tax and depreciation (EBITDA) of $367.2 million compared with $289.8 million in the previous financial year. The increase in EBITDA arose from higher realised coal prices (up 10%) and cost savings, partly offset by lower volumes of coal sales (down 13%). The decrease in coal sales arose from the mid-life dragline shut-down at the Bengalla mine (80% owned by New Hope) and the ramp down at Acland following the absence of New Acland Stage 3 project approvals.

The Bengalla mine has now returned to full operation. For the 2021 financial year, saleable production was at 9.6 million tonnes (2020: 11.3 million tonnes).

At the net profit level, New Hope recorded a profit before tax and non-regular items of $199.3m (2020: $119.5 million), an increase of 67%. After non-regular items, New Hope reported a net profit after tax of $79.4 million (2020: a loss of $156.8 million). Non-regular items for the year included the cost of redundancies across the Queensland operations and corporate office, a provision for an onerous contract liability attached to New Acland and an impairment in the value of the New Acland Stage 3 project.

New Hope generated a cash operating surplus of $296.1 million (before interest and tax), up 16% on the comparative period.

On 2 July 2021, New Hope successfully priced $200 million of senior unsecured Convertible Notes, reflecting a fully subscribed maiden offer. The Convertible Notes are convertible into fully paid ordinary shares in New Hope. They will mature on 2 July 2026, unless otherwise redeemed, repurchased, or converted. The net proceeds of the Convertible Notes were $195.2 million after the deduction of commissions, professional fees and other related administration costs.

Contribution to WHSP

New Hope contributed $60.8 million to the Group's regular profit after tax for the year (2020: $42.0 million).

New Hope contributed a profit after tax of $31.6 million to the Group's net profit after tax (2020: a loss of $78.4 million).

New Hope declared a fully franked final dividend of 7.0 cents per share (2020: nil) payable on 9 November 2021 and paid a fully franked interim dividend of 4.0 cents per share (2020: 6.0 cents per share).

New Acland Stage 3 Development

On 3 February 2021, the High Court decided that New Acland's mining lease applications and environmental authority amendment application for its Stage 3 expansion should be reheard by the Land Court.

Following the High Court decision, the Land Court made orders on 12 February 2021 including to reserve four weeks commencing 1 November 2021 as tentative dates for the rehearing. This will be the third Land Court hearing relating to these approvals. The decision that will issue from the Land Court is in the form of recommendations as to whether the mining lease applications and environmental authority amendment application for the Stage 3 expansion should be granted.

Following the Land Court recommendations, decisions on the final approvals can then be made by the Department of Environment and Science and the Minister for Resources.

New Hope remains committed to the project.

Outlook

Thermal coal market fundamentals deteriorated in the first half of 2021 due to the impact of Covid-19. New Hope quickly responded to the reduction in realised prices by implementing several cost saving initiatives at its operations and undertook a significant rationalisation across corporate office functions. Towards the end of 2021 financial year thermal coal prices staged a significant rally and closed the financial year at 10-year highs.

Thermal coal pricing is forecast to remain strong off the back of constrained supply and the opening of new markets.

New Hope has a strong customer base which provides low sales risk and revenue certainty. With Australia maintaining a leading position in the global trade market even through covid-19, the future of New Hope's high quality, lower emission coal will continue to underpin strong performance. With a focus on operational resilience while maintaining a robust balance sheet, New Hope is in a key position to capitalise on growth or transformational opportunities as they arise.

Financial Services Portfolio

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

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

Contribution to WHSP

WHSP received dividends of $16.0 million from the Financial Services Portfolio during the year (2020: $19.9 million).

The Financial Services Portfolio contributed $12.4 million to the Group's regular profit after tax for the year (2020: $10.2 million).

As at 31 July 2021	WHSP's Holding %
BKI Investment Company Limited (ASX: BKI)	9%
Contact Asset Management Pty Limited	20%
Ironbark Asset Management	31%
Milton Corporation Limited (ASX: MLT)	3%
Pengana Capital Group Limited (ASX: PCG)	39%
Pengana International Equities Limited (ASX: PIA)	10%
Pitt Capital Partners Limited	100%
360 Capital Total Return Fund (ASX: TOT)	7%

Pharmaceutical Portfolio

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

Contribution to WHSP

WHSP received dividends of $5.2 million from the Pharmaceutical Portfolio during the half year, down from $5.6 million in the previous financial year, largely due to the impact of COVID-19.

WHSP equity accounted the Apex and Palla results for the full year.

On 1 August 2020, the investment in API was derecognised for equity accounting. Consequently, API did not contribute equity accounted profits to WHSP during 2021 financial year (2020: $10.3 million).

The investment in API is held at market value and WHSP records dividends from API as revenue.

The Pharmaceutical Portfolio contributed $3.5 million to the Group's regular profit after tax for the year (2020: $12.5 million).

As at 31 July 2021	WHSP's Holding %
Australian Pharmaceutical Industries Limited (ASX: API)	19%
Apex Healthcare Berhad (Burse Malaysia code: APEX MK)	30%
Palla Pharma Limited (ASX: PAL)	20%

WHSP participated in Palla Pharma's capital raising in March 2021 investing a further $3.6 million.

Round Oak Minerals Pty. Limited

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

Queensland operations

The Mt Colin underground copper mine production targets were met for the year with more than 470,000 tonnes of ore processed, producing approximately 34,700 tonnes of concentrate containing 9,848 tonnes of copper, 4,227 ounces of gold and 11,122 ounces of silver. There was significant focus on resource development and drilling from underground, increasing resource confidence and identifying additional ore, extended the current mine life to the end 2023.

The Barbara open pit copper mine completed mining in December 2020 with the processing of stockpiled ore completed in April 2021. Approximately 404,000 tonnes were processed up until April 2021, producing 28,700 tonnes of concentrate containing 7,382 tonnes of copper, 39,082 ounces of silver, and 1,414 ounces of gold. Drilling below the completed south pit commenced just prior to year-end as part of a study to evaluate the potential to extend the mine life via the development of an underground mine.

Western Australian operations

Production at the Jaguar operation was deliberately reduced from 30,000 tonnes per month to 20,000 tonnes per month over the first half of the 2021 financial year as resources were redirected to development of a second mining front, the Pegasus lens, discovered in 2019. Production levels were successfully increased to 40,000 tonnes per month from February 2021, combining mining from the high grade Bentayga lens with the newly developed Pegasus lens.

Jaguar processed approximately 381,000 tonnes of ore for the 2021 financial year, producing 18,202 tonnes of copper concentrate and 71,659 tonnes of zinc concentrate, together containing 3,740 tonnes of copper, 34,377 tonnes of zinc, and 1,784,000 ounces of silver. Processing plant improvements resulted in increased copper, zinc and silver recoveries, as well as increased zinc concentrate grades, both contributing to higher net revenue from the mine.

Two new lenses, Spectre and Turbo, were discovered at Jaguar in mid-2020, with both having the potential to extend production at Jaguar beyond its current three-year mine life. Underground drilling targeting these lenses, as well as extensions to the Pegasus lens, was undertaken in the second half of the 2021 financial year. Early results are encouraging and drilling of these exploration targets will continue for the remainder of the 2021 calendar year.

Victorian development assets

All primary approvals and permits for the Stockman copper-zinc project in north-east Victoria are in place, including the Mine Work Plan. Work continued on the associated Management Plans and baseline environmental data continued to be collected. A Definition Phase Study (DPS) commenced in the second half of the year, the aim of which is to optimise key elements of the project, further enhancing project economics, leading to a planned final investment decision in the second half of calendar 2022.

Exploration

Exploration activities for the year focused on the brownfield's exploration on the Jaguar tenements in Western Australia, the aim of which has been to identify additional near-mine base metals resources, predominantly underground at the Bentley mine. Greenfields exploration was conducted for both base metals and gold targets further from the current mining operations at Jaguar. Early results have been encouraging and these programmes will continue over calendar 2021.

Exploration activities in Northwest Queensland continued, investigating several prospective targets for additional copper resources, the most prospective of these being extensions to the Mt Colin and Barbara resources at depth.

Exploration activity at Stockman was focused on the identification of targets with potential to increase mineral inventories beyond the current ten years of reserves. A surface drilling programme as part of the DPS commenced in the second half, initially completing five holes for providing samples for metallurgical test work, before commencing resource infill drilling, which will continue for the remainder of calendar 2021.

Contribution to WHSP

Round Oak contributed a regular after-tax profit of $60.9 million to the Group's result for 2021 year (2020: $42.5 million loss). Revenue was up 62% to $353.4 million driven by increased production at all operations combined with higher commodity prices. Mt Colin contributed its first full year of production while Jaguar production was up following the investment in mine development to open a second mining front, increasing production rates by over 30% in the second half.

Higher commodity prices for copper, zinc, silver and gold, and lower zinc smelter treatment charges, had a positive impact on gross margins. Costs remained relatively stable across the operating assets despite volumes increasing, as operational efficiencies improved the margin contributions.

Outlook

Copper and zinc prices have continued their recovery since the bottom of the market in March 2020. In the twelve months to 31 July 2021, copper prices increased by more than 50% to over US$4 per pound and zinc is up more than 30% to over US$3,000 per tonne. Structural tailwinds in supply and demand are expected to support strong copper price forecasts, underpinned by the transition to a green economy. Operations at Jaguar and Mt Colin, and the Stockman development project, are well placed to support the supply gap.

Equities portfolios

WHSP does not make investment decisions to correlate our returns against an index.

Large Caps portfolio

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

At 31 July 2021, the WHSP Large Caps Portfolio was valued at $396 million. The Portfolio, which was made up of 24 companies, is currently providing a grossed-up annual dividend yield of 5.1%. Cash generated from dividends/distributions from securities within the Portfolio is paid directly to WHSP.

Small Caps portfolio

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

As at 31 July 2021 the portfolio was worth $391 million, a net increase of $142 million over the balance as at 31 July 2020.

Private Equity Portfolio

The carrying value of the Private Equity Portfolio increased by $95 million to $367 million during the year ended 31 July 2021. This increase was principally due to new investments in the agricultural sector.

The WHSP Agricultural Holding Trust has total assets as at 31 July 2021 of $167 million, spread across Queensland, New South Wales, Victoria and Western Australia, producing citrus, stone fruit, table grapes, kiwifruit, macadamias and cotton, largely for export markets. Some properties are undergoing further investment and redevelopment to substantially increase production in future years.

As at 31 July 2021	WHSP's Holding %
Ampcontrol	43%
Aquatic Achievers	100%
Dimeo Cleaning Services	16%
Seven Miles Coffee Roasters	40%
WHSP Agricultural Holding Trust	95%

Property

In late January 2021 the sale of WHSP's interest in a shopping centre at Penrith settled and outstanding bank debt was repaid. In the second half of the 2021 financial year further investment into industrial properties in Sydney was made.

Contribution to WHSP

The Property Portfolio contributed $3.1 million to the Group's regular profit after tax for the year (2020: $7.7 million).

Structured Yield

The Structured Yield portfolio consists of structured investments which generate fixed income and are downside protected with asset backing and seniority to equity investors.

Cash generated from this portfolio supplements our dividend income.

Over FY2021, this portfolio has increased by $142 million.

Alternative Performance Measures

The Consolidated Entity presents certain Alternative Performance Measures (APMs), including regular and non-regular profit after tax, Net cash flows from investments and net asset value. These APMs are used by management to assess the performance of the business and may therefore be useful to investors. They are not a substitute for the IFRS measures and should be considered supplementary to those measures.

Regular and non-regular profit after tax

Financial performance is measured by regular profit and regular profit after tax attributable to members. These results are non-statutory profit measures and represent profit before non-regular items. The measurement basis in general, excludes the effects of non-regular items of income and expense which by nature are outside the ordinary course of business or are part of ordinary activities but are unusual due to their size. Regular profit after tax attributable to members is reconciled to its directly comparable International Financial Reporting Standards ("IFRS") financial measure, Profit after tax, on page 22.

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

Net cash flows from investments

Net cash flows from investments are after Parent Entity corporate costs and exclude the effects of non-regular cash inflows and outflows to demonstrate the underlying cash flows generated by the Parent Entity's investment portfolio. The Board of the Parent Entity determines dividends having regard to net cash flows from investments. Parent entity Net cash flows from investments is reconciled to Profit after tax on pages 24 – 25.

Net Asset Value ("NAV")

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

Reconciliation between consolidated regular profit after tax and profit after tax

A reconciliation between consolidated regular profit after tax attributable to members and profit after tax attributable to members is set out below. The Directors have presented this information as they consider the disclosure enhances the understanding of the financial results to shareholders and other users of the financial statements.

The allocation of revenue and expense items between regular and non-regular profit is consistent with the prior year. Transactions between business segments are on an arm's length basis in a manner similar to transactions with third parties.

	2021 $'000	2020 $'000
Regular profit/(loss) after tax attributable to members		
TPG Telecom Limited	**17,579**	71,589
Brickworks Limited	**81,842**	41,960
New Hope Corporation Limited	**60,815**	41,968
Round Oak Minerals Pty Limited	**60,871**	(42,468)
Other investing activities	**117,211**	65,964
Intersegment/unallocated[1]	**(10,203)**	(9,213)
Regular profit after tax attributable to members	**328,115**	**169,800**
Non-regular items after tax		
Fair value gain on de-recognition of TPG as an equity accounted associate	**–**	1,050,027
Share of non-regular items from equity accounted associates	**(17,750)**	(15,842)
Gain on deemed disposal of equity accounted associates	**5,161**	5,225
Deferred tax (expense)/benefit recognised on equity accounted associates	**(28,952)**	23,064
Gain/(loss) on de-recognition of an associates reserves	**2,550**	(7,452)
Acquisition costs expensed	**–**	(2,245)
Impairment reversal/(expense) on equity accounted associates	**25,322**	(61,640)
Impairment expense on Queensland coal mining assets	**(13,569)**	–
Impairment reversal/(expense) on property, plant and equipment (including mine development)	**1,484**	(90,777)
Impairment expense on exploration and evaluation assets	**(842)**	(67,707)
Impairment expense on oil producing and exploration assets	**–**	(23,226)
Impairment expense on other assets	**(869)**	(14,479)
Restructuring costs	**–**	(12,729)
Reversal/(expense) of New Acland ramp down costs – New Hope	**3,840**	(4,662)
Reversal of provision for liquidation related costs – New Hope	**–**	7,165
Redundancies	**(5,111)**	(2,704)
Rehabilitation costs	**–**	3,311
Onerous contract	**(12,564)**	–
Debt waiver consent fees	**(789)**	–
Expected credit losses allowance	**(1,867)**	–
Liquidation related costs	**(834)**	–
Write off of loan and interest to external party	**(11,550)**	–
Other items	**1,421**	(2,162)
Total non-regular (loss)/profit after tax attributable to members	**(54,919)**	**783,167**
Profit after tax attributable to members	273,196	952,967
Less: profit/(loss) attributable to non-controlling interests	**47,243**	(78,512)
Profit after tax	**320,439**	**874,455**

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

TPG special dividend allocation to the Parent Entity net cashflow from investments

The Parent Entity received the TPG special dividend of $120.9 million (or 51.6 cents per share) in July 2020. With the change to the TPG reporting date (from 31 July to 31 December), the newly merged TPG did not declare an interim dividend in August 2020.

The Parent Entity has adopted the following treatment of the TPG special dividend in the calculation of the Parent Entity net cash flows from investments (a non-statutory measure of cash flows) for the 2020 reporting period and the 2021 reporting period.

The Parent Entity considers the special dividend to have two components. The first is a catchup component (estimated at $92.4 million), given that TPG has paid very low dividends over the six reporting periods from reporting period 2018 to reporting period 2020. The second component can be considered as an estimate of a final reporting period 2020 dividend of $28.5 million for the pre-merger TPG. The following table shows the allocation of the special dividend to net cash flows from investments in reporting period 2020 and reporting period 2021.

Net cash flows from investments	**2021** $'000	**2020** $'000
Year ended 31 July 2021		
Catch up dividend	–	92,418
Estimated final FY2021 for the pre-merger TPG usually paid in November	**28,530**	–

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Parent Entity Financial Information

Source of shareholder dividends

Regular profit after tax is a measure of the Parent entity's performance. This measurement excludes the effects of non-regular items of income and expense which by nature are outside the ordinary course of business or are part of ordinary operations but are unusual due to their size.

The classification of income and expenses as regular or non-regular is consistent with the Consolidated entity's measurement of segment results. This is a non-statutory measure and a reconciliation to the Parent Entity's profit after tax is provided. The Director's have presented this information, which is used by the Chief Operating Decision Maker as they consider the disclosure enhances the understanding of the results to members and users of the financial statements.

ACCOUNTING POLICY

Parent Entity

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

In the Parent Entity, investments in subsidiaries and associates are carried at the lower of cost or impaired cost. Dividends from these entities are recognised as income within profit. This approach reflects Parent entity's activities as an investor.

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

* **Accounting for TPG special dividend**

On the 29 June 2020, WHSP received a special dividend of $120 million from TPG. WHSP allocated $28.53 million to the current reporting period and $92.418 million to the prior reporting period. Refer to the Alternative Performance Measures section for further details.

** **Accounting for dividends received from Round Oak Minerals Pty Limited**

During the current reporting period, the Parent Entity received $45 million in dividends from Round Oak Minerals Pty Limited ("Round Oak"). These dividends have been excluded from the net cash flows from investments. This was done to be consistent with the treatment of Parent Entity funding of prior period Round Oak trading losses that were excluded from net cash flows from investments.

Statement of Financial Position

	As at 31 July 2021 $'000	
Current assets		
Cash and term deposits	134,627	1
Financial assets held for trading	397,582	2
Other financial assets	9,068	
Other current assets	19,702	
Total current assets	560,979	
Non-current assets		
Other financial assets – Listed equities	8,563	2
Long term equity investments – measured at market value	2,244,881	3
Long term equity investments – measured at fair value	134,860	
Listed controlled and associated entities – measured at the lower of cost or impaired value	183,923	4
Unlisted controlled and associated entities – measured at the lower of cost or impaired value	453,688	
Other financial assets – measured at fair value	40,958	
Loans to controlled entities and associates	196,326	
Loans to third parties	157,790	
Other non-current assets	53,597	
Total non-current assets	3,474,586	
Total assets	4,035,565	
Current liabilities		
Interest bearing liabilities	289,810	
Other current liabilities	42,714	
Total current liabilities	332,524	
Non-current liabilities		
Interest bearing liabilities	216,282	
Other non-current liabilities	509,110	
Total non-current liabilities	725,392	
Total liabilities	1,057,916	
Net assets	2,977,649	
Equity		
Share capital	47,176	
Reserves	(169,360)	
Retained profits	3,099,833	
Total equity	2,977,649	

Income Statement

	2021 $'000	
Profit after tax	320,226	
Less: Non-regular items after tax		
Gain on sale of partial shareholding in a controlled entity	(91,390)	
Expected credit loss allowance	1,867	
Write off of loan to external party	11,550	
Net impairment benefit on investments	(10,719)	
Sale of property	(1,905)	
Net impairment expense on associates	1,445	
Other	3,618	
Regular profit after tax	234,692	5
Other comprehensive income		
Net movement in the fair value of the listed investment portfolio	(217,683)	

Market value of listed investments as at 31 July 2021
(based on ASX closing prices 31 July 2021)

	$'000
Market value of financial assets held for trading	**415,213**
Long term equity investments	
TPG Telecom Limited	1,448,568
Milton Corporation Limited	135,963
BKI Investment Company Limited	102,656
Bank of Queensland Limited	83,834
Clover Corporation Limited	58,490
Commonwealth Bank of Australia	44,522
Pengana International Equities Limited	34,972
Woolworths Limited	34,492
Macquarie Group Limited	34,168
Wesfarmers Limited	30,649
Bailador Technology Investments Limited	29,213
BHP Group Limited	22,267
Other listed entities	185,087
Market value of long term equity investments	**2,244,881**

	Holding	$'000
Listed controlled and associated entities		
Brickworks Limited	43.3%	1,591,895
New Hope Corporation Limited	39.9%	661,734
Apex Healthcare Berhad	29.8%	133,550
Tuas Limited	25.3%	75,007
Pengana Capital Group Limited	38.6%	63,725
Palla Pharma Limited	19.9%	11,915
Market value of listed controlled and associated entities		**2,537,826**
Total value of WHSP's listed investments		**5,197,919**
Unlisted investments (Directors valuation)		808,123
Gross debt		(514,809)
Net debt and other assets		312,455
Consolidated net assets value pre-tax		**5,803,688**

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

WHSP is a long term equity investor.

If WHSP had disposed of all of its assets on 31 July 2021, the net capital gains tax liability of approximately $1,119.3 million would have arisen based on market values as at 31 July 2021.

Of this amount, only $496.9 million has been recognised in the Parent Entity's financial report at 31 July 2021. In the Parent Entity, investments in subsidiaries and associates are carried at the lower of cost or impaired cost.

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

Regular Profit after Tax and Regular Operating Cash Flows

For the year ended 31 July 2021	Year ended 31 July 2021 $'000
Interest income (from cash and loans)	**15,085**
Dividend and distribution income	
TPG Telecom Limited	17,580
Milton Corporation Limited	3,166
BKI Investment Company Limited	3,320
Bank of Queensland Limited	1,580
Clover Corporation Limited	1,012
Commonwealth Bank of Australia	1,615
Pengana International Equites Limited	1,523
Woolworths Limited	899
Macquarie Group Limited	1,028
Wesfarmers Limited	917
BHP Group Limited	860
Other listed entities	17,851
Brickworks Limited	39,387
New Hope Corporation Limited	14,628
Apex Healthcare Berhad	2,033
Tuas Limited	–
Pengana Capital Group Limited	3,585
Round Oak Minerals	45,000
Other controlled and associates	8,503
Total dividend and distribution income	**164,487**
Other revenue	**5,459**
Realised and fair value (losses)/gains on equities	**107,194**
Other expenses	**(18,794)**
Finance costs	**(5,902)**
Regular profit before tax	**267,529**
Income tax (expense)	**(32,837)**
Regular profit after tax	**234,692**
Add back the following:	
TPG Final dividend escrowed*	**28,530**
Round Oak Minerals dividend**	**(45,000)**
Non-cash fair value (gains) /loss on equities	**(67,496)**
Net movements in working capital and tax paid	**29,610**
Net cashflow from investments	**180,336**

The Board declares dividends having regard to regular operating cash flows before non-regular items. The following information has been provided to demonstrate the underlying value of the Parent Entity's investments and regular profit and the cash flows generated by these investments.

Dividends paid/payable	
- Interim of 26 cents per share paid 11 May 2021	62,243
- Final of 36 cents per share payable 14 Dec 2021	86,182
Total dividends paid/payable	**148,425**
Payout ratio	
Dividends as a percentage of regular operating cash flows	82.30%

Consolidated Statement of Comprehensive Income

for the year ended 31 July 2021

	Notes	2021 $'000	2020 $'000
Revenue	4	1,501,778	1,368,467
Other income	5	144,829	9,885
Expenses	6		
Cost of sales		(895,940)	(1,021,189)
Selling and distribution expenses		(225,819)	(193,679)
Administration expenses		(71,854)	(67,500)
Acquisition costs expensed		-	(2,366)
Impairment expense	6	(17,911)	(483,887)
Other expenses	6	(24,368)	14,058
Finance costs	6	(35,652)	(35,474)
Total contribution from equity accounted associates, including fair value gain on derecognition of TPG	7	67,212	1,534,868
Profit before income tax expense		442,275	1,123,183
Income tax (expense)		(121,836)	(248,728)
Profit after income tax expense for the year		320,439	874,455
Profit for the year is attributable to:			
Owners of Washington H. Soul Pattinson and Company Limited		273,196	952,967
Non-controlling interests		47,243	(78,512)
		320,439	874,455
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income		(198,328)	(143,437)
Disposal of long term equity investments, net of tax		(15,713)	(16,575)
Net movement after tax in capital gains reserve		16,075	9,159
Items that may be reclassified subsequently to profit or loss			
Net movement after tax in hedge reserve		(31,383)	57,512
Net movement after tax in foreign currency translation reserve		(2,170)	(2,821)
Net movement after tax in equity reserve		(4,295)	1,756
Total other comprehensive income for the year, net of tax		(235,814)	(94,406)
Total comprehensive income for the year		84,625	780,049
Total comprehensive income for the year is attributable to:			
Owners of Washington H. Soul Pattinson and Company Limited		54,701	835,943
Non-controlling interests		29,924	(55,894)
Total comprehensive income for the year		84,625	780,049

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

Consolidated Statement of Comprehensive Income (continued)

for the year ended 31 July 2021

	2021 $'000	2020 $'000
Profit attributable to ordinary equity holders of the parent for basic earnings	273,196	952,967
Interest on convertible note, after tax	1,140	-
Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	274,336	952,967
Weighted average number of ordinary shares for basic EPS	239,395,320	239,395,320
Effects of dilution from convertible note	2,501,693	-
Weighted average number of ordinary shares adjusted for the effect of dilution	241,897,013	239,395,320
	Cents	Cents
Earnings per share attributable to the Owners of Washington H. Soul Pattinson and Company Limited (in cents)		
Basic earnings per share	114.12	398.07
Diluted earnings per share[1]	113.41	398.07

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

[1] FY21: Diluted EPS includes the impact of the convertible bond holders converting their ordinary equity of the parent and assumes any long-term incentive rights that vest in future reporting periods are expected to be satisfied by purchasing shares on the market.
FY20: Diluted EPS is equal to the basic earnings per share as any long-term incentive plan rights that vest in future reporting periods, are expected to be satisfied by purchasing shares on the market.

Consolidated Statement of Financial Position

for the year ended 31 July 2021

	Notes	2021 $'000	2020 $'000
Current assets			
Cash and cash equivalents		610,324	344,813
Trade and other receivables		163,987	148,845
Inventories		126,966	114,102
Biological assets		4,658	2,062
Assets classified as held for sale		13,655	26,879
Financial assets held for trading		397,582	267,371
Other financial assets		18,814	45,852
Current tax asset		-	16,283
Total current assets		1,335,986	966,207
Non current assets			
Trade and other receivables	9	233,514	16,997
Equity accounted associates	7	899,236	810,407
Long term equity investments	8	2,362,838	2,616,094
Other financial assets		49,521	45,789
Investment properties		87,158	75,724
Property, plant and equipment	10	2,117,066	2,239,586
Exploration and evaluation assets	11	124,181	109,422
Right-of-use assets	13	125,324	117,512
Deferred tax assets		30,324	95,909
Intangible assets	12	133,339	117,186
Total non current assets		6,162,501	6,244,626
Total assets		7,498,487	7,210,833
Current liabilities			
Trade and other payables		112,717	134,973
Contract liabilities		1,031	829
Interest bearing liabilities	14	294,727	248,213
Lease liabilities	13	18,596	22,215
Current tax liabilities		56,345	1,410
Provisions	15	63,703	58,851
Total current liabilities		547,119	466,491
Non current liabilities			
Trade and other payables		143	773
Interest bearing liabilities	14	747,905	575,422
Lease liabilities	13	112,816	99,151
Deferred tax liabilities		619,567	672,843
Provisions	15	317,356	284,166
Total non current liabilities		1,797,787	1,632,355
Total liabilities		2,344,906	2,098,846
Net assets		5,153,581	5,111,987
Equity			
Share capital	16	47,177	43,232
Reserves		(155,144)	63,253
Retained profits		4,201,400	4,133,308
Parent Entity interest		4,093,433	4,239,793
Non-controlling interests		1,060,148	872,194
Total equity		5,153,581	5,111,987

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

Consolidated Statement of Changes in Equity

for the year ended 31 July 2021

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

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

[1] After the elimination of $25.0 million of the Parent Entity dividend paid to Brickworks Limited (2021: 43.3%).

Consolidated Statement of Changes in Equity (continued)

for the year ended 31 July 2021

Year ended 31 July 2020	Share capital $'000	Retained profits $'000	Reserves $'000	Total Parent Entity interest	Non-controlling interests $'000	Total equity $'000
Total equity at the beginning of the year 1 August 2019	43,232	3,301,831	176,603	3,521,666	989,803	4,511,469
Effect of initial adoption of AASB 16	-	(2,859)	-	(2,859)	-	(2,859)
Restated balance at the beginning of the year 1 August 2019	43,232	3,298,972	176,603	3,518,807	989,803	4,508,610
Net profit for the year after tax	-	952,967	-	952,967	(78,512)	874,455
Other comprehensive income/(loss) for the year						
Net movement after tax in asset revaluation reserve	-	(1,534)	(158,216)	(159,750)	(262)	(160,012)
Net movement after tax in hedge reserve	-	-	34,633	34,633	22,879	57,512
Net movement after tax in foreign currency translation reserve	-	-	(2,822)	(2,822)	1	(2,821)
Net movement after tax in equity reserve	-	(1,035)	2,791	1,756	-	1,756
Net movement after tax in general reserve[1]	-	2,342	(2,342)	-	-	-
Net movement after tax in capital gains reserve	-	-	9,159	9,159	-	9,159
Total comprehensive income/(loss) for the year	-	952,740	(116,797)	835,943	(55,894)	780,049
Transactions with owners						
Dividends provided for or paid[2]	-	(116,876)	-	(116,876)	(64,946)	(181,822)
Net movement in share based payments reserve	-	(1,828)	3,447	1,619	346	1,965
Transactions with non-controlling interests	-	300	-	300	3,520	3,820
Return of capital	-	-	-	-	(635)	(635)
Total equity at the end of the year 31 July 2020	43,232	4,133,308	63,253	4,239,793	872,194	5,111,987

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

[1] The general reserve historically recorded funds set aside for future requirements of the Group and relates to the Parent Entity.
[2] After the elimination of $24.4 million of the Parent Entity dividend paid to Brickworks Limited (2020: 43.8%).

Consolidated Statement of Cash Flows

for the year ended 31 July 2021

	Notes	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers inclusive of GST		1,477,683	1,418,130
Payments to suppliers and employees inclusive of GST		(1,015,846)	(1,131,485)
		461,837	286,645
Dividends received		101,229	211,664
Interest received		10,573	4,393
Interest on lease liabilities	13	(6,909)	(6,703)
Payments for financial assets held for trading		(219,524)	(164,630)
Proceeds from sale of financial assets held for trading		165,514	57,391
Acquisition costs expensed		-	(2,366)
Finance costs paid		(17,034)	(16,877)
Income taxes refund/(paid)		19,029	(27,748)
Net cash inflow from operating activities	17	514,715	341,769
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles		(167,006)	(205,543)
Proceeds from sale of property, plant and equipment		24,060	7,510
Payments for capitalised exploration and evaluation activities		(14,546)	(17,523)
Payments for acquisition and development of investment properties		(7,952)	(406)
Proceeds from sale of investment properties		28,273	3,794
Payments for equity investments		(120,553)	(95,031)
Proceeds from sale of equity investments		50,020	71,969
Payments to acquire equity accounted associates		(4,674)	(17,989)
Payments for acquisition of business, net of cash acquired		-	(52,683)
Payments for deferred consideration		(17,060)	(16,060)
Proceeds from sale of business, net of cash received		62	-
Loan repayments from external parties		34,863	27,966
(Payments for)/proceeds from security and bond guarantee		(4,786)	64
Loans advanced to external parties		(209,475)	(10,760)
Net cash outflow from investing activities		(408,774)	(304,692)
Cash flows from financing activities			
Dividends paid to WHSP shareholders	3	(146,031)	(141,243)
Dividends paid by subsidiaries to non-controlling interests		(19,306)	(64,941)
Proceeds from external borrowings		202,899	583,341
Repayments of external borrowings		(392,380)	(168,206)
Return of capital to non-controlling interest		(7,275)	(629)
Principal repayments of lease liabilities	13	(26,954)	(30,003)
Proceeds from part sale of shares in a subsidiary and joint venture		132,034	-
Proceeds from issue of convertible notes		416,791	-
Payment of shares acquired for the employee long term incentive plan		(4,123)	(590)
Transactions with subsidiaries non-controlling interest		2,338	2,379
Net cash inflow from financing activities		157,993	180,108
Net increase in cash and cash equivalents		263,934	217,185
Cash and cash equivalents at the beginning of the financial year		344,813	126,915
Effects of exchange rate changes on cash and cash equivalents		1,577	713
Cash and cash equivalents at the end of the financial year		610,324	344,813

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

Contents

Notes to the Financial Statements

01 Basis of preparation

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

The financial report presents reclassified comparative informative where required for consistency with the current period's presentation.

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

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 July 2021 reporting period. The Group has assessed the financial impact of these pending standards to be immaterial and therefore the Group has elected not to early adopt these standards and interpretations.

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

This Preliminary Financial Report was authorised for issue by the Board on 23 September 2021.

02 Segment Information

Segment reporting

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

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

The Group's operating segments are described as:

TPG Telecom Limited (TPG)

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

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

Brickworks Limited (Brickworks)

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

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

New Hope Corporation Limited (New Hope)

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

The Parent Entity has a 39.9% investment in New Hope. New Hope has been assessed as being a controlled entity of the Group, and New Hope's financial statements are therefore included in the Group's consolidated financial statements.

Round Oak Minerals Pty Limited (Round Oak)

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

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

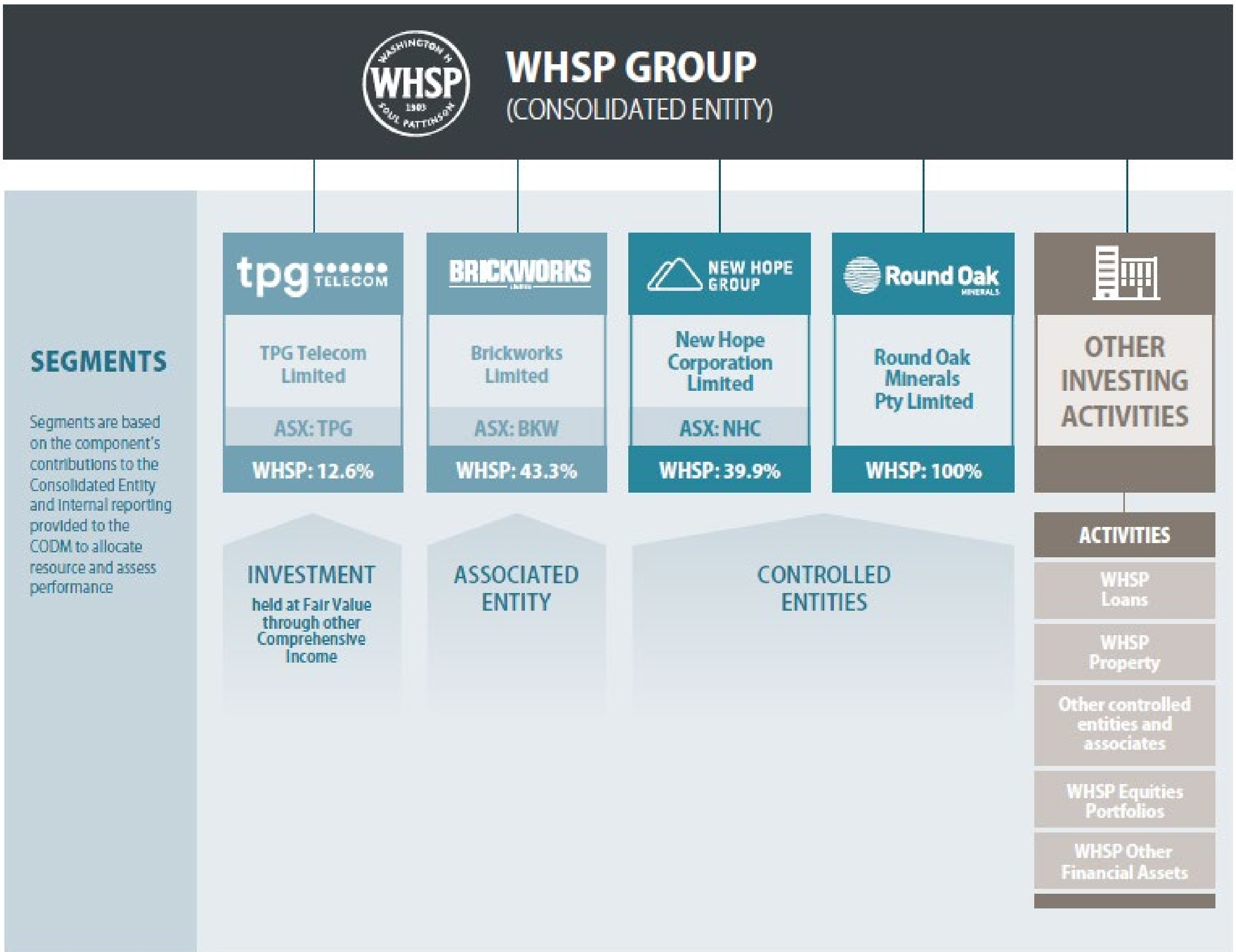
Other investing activities

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

Derecognition of an associate

During the year, the Parent Entity, reassessed the classification of Australian Pharmaceutical Industries Limited (API) as an equity accounted associate as a result of Robert Millner resigning as a Director of API in July 2020. WHSP has classified API as a Fair Value through Profit and Loss (FVTPL) asset in the current period and has restated the prior year comparative. The carrying value restated was $105 million from equity accounted associate to financial asset held for sale. Refer to Note 7 for further detail.

02 Segment Information (continued)



02 Segment Information (continued)

Reporting segments	TPG Telecom Limited[1] $'000	Brickworks Limited[2] $'000	New Hope Corporation Limited $'000	Round Oak Minerals Limited $'000	Other investing activities $'000	Intersegment/ unallocated $'000	Consolidated $'000
Year ended 31 July 2021							
Revenue from continuing operations	17,579	-	1,048,239	353,370	82,590	-	1,501,778
Intersegment revenue[3]	-	-	-	-	99,015	(99,015)	-
Total revenue from continuing operations	17,579	-	1,048,239	353,370	181,605	(99,015)	1,501,778
Profit/(loss) before income tax	17,579	74,230	110,720	94,841	160,962	(16,057)[4]	442,275
Less income tax (expense)/benefit	-	(25,225)[5]	(31,370)	(29,873)	(40,186)	4,818	(121,836)
Profit/(loss) after tax	17,579	49,005	79,350	64,968	120,776	(11,239)	320,439
Less (profit)/loss attributable to non-controlling interests	-	-	(47,734)	-	491	-	(47,243)
Profit/(loss) after tax attributable to members	17,579	49,005	31,616	64,968	121,267	(11,239)	273,196

[1] TPG is classified as a FVOCI investment. Following the merger of TPG with Vodafone in June 2020, TPG changed its financial year end to 31 December. During this transition period, TPG only declared one dividend during the current reporting period.
[2] No revenue recognised as only the share of associates profit after tax is recognised for equity accounted associates.
[3] Represents inter-segment dividends and interest received from subsidiaries and associates that are eliminated on consolidation.
[4] Unallocated represents Parent Entity corporate costs that are not allocated to individual segments.
[5] The income tax expense relates to the deferred tax recognised on consolidation in respect of these investments.

02 Segment Information (continued)

Reporting segments	TPG Telecom Limited[1] $'000	Brickworks Limited[1] $'000	New Hope Corporation Limited $'000	Round Oak Minerals Limited $'000	Other investing activities $'000	Intersegment/ unallocated $'000	Consolidated $'000
Year ended 31 July 2020							
Revenue from continuing operations	-	-	1,083,918	222,878	61,671	-	1,368,467
Intersegment revenue[2]	-	-	-	-	234,261	(234,261)	-
Total revenue from continuing operations	-	-	1,083,918	222,878	295,932	(234,261)	1,368,467
Profit/(loss) before income tax	1,510,803	2,032	(225,551)	(134,879)	(13,879)	(15,343)[3]	1,123,183
Less income tax (expense)/benefit	(389,187)[4]	17,179[4]	68,768	40,049	9,860	4,603	(248,728)
Profit/(loss) after tax	1,121,616	19,211	(156,783)	(94,830)	(4,019)	(10,740)	874,455
Less (profit) attributable to non-controlling interests	-	-	78,424	-	88	-	78,512
Profit/(loss) after tax attributable to members	1,121,616	19,211	(78,359)	(94,830)	(3,931)	(10,740)	952,967

[1] No revenue recognised as only the share of associates profit after tax is recognised for equity accounted associates. TPG was derecognised as an associate on 29 June 2020.
[2] Represents inter-segment dividends and interest received from subsidiaries and associates that are eliminated on consolidation.
[3] Unallocated represents Parent Entity corporate costs that are not allocated to individual segments.
[4] The income tax expense relates to the deferred tax recognised on consolidation in respect of these investments.

03 Dividends

ACCOUNTING POLICY

A liability is recognised for any dividend declared on or before the end of the reporting period but not distributed at reporting date. As the final dividend was declared by Directors after the end of the reporting period, the final dividend has not been recognised as a liability.

	2021 $'000	2020 $'000
Dividends paid during the year		
Final dividend for the year ended 31 July 2020 of 35 cents (2019: 34 cents) per fully paid ordinary share paid on 14 December 2020 (2019: 9 December 2019) fully franked based on tax paid at 30%	83,788	81,394
Interim dividend for the year ended 31 July 2021 of 26 cents (2020: 25 cents) per fully paid ordinary share paid on 14 May 2021 (2020: 14 May 2020) fully franked based on tax paid at 30%	62,243	59,849
Total dividends paid	146,031	141,243
Dividends not recognised at year end		
In addition to the above dividends, since year end the Directors have declared the payment of:		
A final dividend of 36 cents fully paid ordinary share, (2020: 35 cents) fully franked based on tax paid of 30%	129,912	83,788
The dividend is due to be paid on 14 December 2021 (2020: 14 December 2020) out of retained profits as at 31 July 2021, and has not been recognised as a liability at year end.		
Franking of dividends		
The final dividend for 31 July 2021 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 31 July 2021.		
Franking credits available for future dividend payments		
Franking credits available for subsequent financial years based on an Australian company tax rate of 30% (2020: 30%).	628,911	645,193
Subsequent to year end, the franking account will be reduced by the final dividend to be paid on 14 December 2021 (2020: 14 December 2020)	(55,676)	(35,909)
Balance of franking credits available after payment of the final dividend	573,235	609,284

On 20 September 2021, the Federal Court of Australia approved the Scheme merger of Washington H. Soul Pattinson and Company Limited and Milton Corporation Limited, with the Scheme expected to be implemented on 5 October 2021. As a result, the final dividend to be paid on 14 December 2021 will include shares issued to Milton Corporation Limited shareholders.

04 Revenue

	2021 $'000	2020 $'000
Revenue from contracts with customers		
Revenue from sale of goods	1,330,841	1,299,851
Revenue from provisional pricing adjustment	61,356	(10,236)
Rental revenue	6,135	7,990
Revenue from services	28,012	21,383
	1,426,344	1,318,988
Other revenue		
Dividend and distribution revenue	51,456	30,417
Interest revenue	12,742	8,242
Other	11,236	10,820
	75,434	49,479
Total revenue	1,501,778	1,368,467

04 Revenue (continued)

Revenue from contracts with customers

Disaggregation of revenue

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

Year ended 31 July 2021	New Hope Corporation Limited $'000	Round Oak Minerals Pty Limited $'000	Other investing activities $'000	Total $'000
Major product lines				
Coal, oil and gas	1,025,869	-	-	1,025,869
Copper, gold and zinc	-	353,361	-	353,361
Other goods and services	13,735	-	33,379	47,114
Total revenue from contracts with customers[1]	1,039,604	353,361	33,379	1,426,344
Other revenue	8,635	9	66,790	75,434
Total revenue	1,048,239	353,370	100,169	1,501,778
Total revenue from contracts with customers by geographical regions				
Australia	87,883	194,084	33,379	315,346
Japan	434,697	-	-	434,697
Taiwan	239,727	-	-	239,727
Korea/Indonesia	61,643	72,539	-	134,182
India	59,291	-	-	59,291
Chile	63,371	-	-	63,371
Malaysia	-	56,906	-	56,906
Finland	-	26,444	-	26,444
China	20,869	3,388	-	24,257
Vietnam	15,885	-	-	15,885
Other[2]	56,238	-	-	56,238
Total revenue from contracts with customers[1]	1,039,604	353,361	33,379	1,426,344
Timing of revenue recognition from contracts with customers				
Goods and services transferred at a point in time	1,025,869	353,361	30,608	1,409,838
Goods and services transferred over time	13,735	-	2,771	16,506
Total revenue from contracts with customers	1,039,604	353,361	33,379	1,426,344

Major product lines

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

Major customer

Revenues of $161.91 million (2020: $nil) are derived from a single external customer of New Hope, representing 16% of total Revenue from Customer Contracts.

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

04 Revenue (continued)

Revenue from contracts with customers (continued)

Major customer (continued)

Revenues of $322.63 million (2020: $217.53 million) are sourced from four (2020: three) external customers of Round Oak, representing 91% (2020: 98%) of total Revenue from Customer Contracts.

There are no other individual customers who represent more than 10% of revenue from customer contracts for the year ended 31 July 2021.

	New Hope Corporation Limited $'000	Round Oak Minerals Pty Limited $'000	Other investing activities $'000	Total $'000
Year ended 31 July 2020				
Major product lines				
Coal, oil and gas	1,060,621	-	-	1,060,621
Copper, gold and zinc	-	222,862	-	222,862
Other goods and services	13,213	-	22,292	35,505
Total revenue from contracts with customers[1]	1,073,834	222,862	22,292	1,318,988
Other revenue	10,084	16	39,379	49,479
Total revenue	1,083,918	222,878	61,671	1,368,467
Total revenue from contracts with customers by geographical regions				
Australia	118,904	33,492	22,292	174,688
Japan	446,852	-	-	446,852
Switzerland	-	189,370	-	189,370
China	127,418	-	-	127,418
Taiwan	80,069	-	-	80,069
Korea	68,680	-	-	68,680
India	27,094	-	-	27,094
Chile	26,280	-	-	26,280
Vietnam	10,196	-	-	10,196
Other[2]	168,341	-	-	168,341
Total revenue from contracts with customers[1]	1,073,834	222,862	22,292	1,318,988
Timing of revenue recognition from contracts with customers				
Goods and services transferred at a point in time	1,060,621	222,862	15,379	1,298,862
Goods and services transferred over time	13,213	-	6,913	20,126
Total revenue from contracts with customers	1,073,834	222,862	22,292	1,318,988

[1] Revenue from Customers Contracts includes income from commodity sales and services.
[2] Other Revenue from Customer Contracts relates to third party customer contracts with undisclosed geographical information.

05 Other income

	2021 $'000	2020 $'000
Gain on sale of property, plant and equipment	**4,833**	2,975
Reclassification adjustment from reserves on derecognition of an associate	**3,643**	(11,653)
Gain on fair value of biological assets	**11,114**	4,951
Gain on deemed disposal of equity accounted associates	**7,373**	5,348
Gain on financial assets held for trading at fair value through profit or loss	**107,194**	5,780
Gain on revaluation of investment property	**3,600**	-
(Loss)/gain on sale of investment properties	**(873)**	38
Insurance recovery	**5,739**	56
Other	**2,206**	2,390
	144,829	9,885

Notes to the Financial Statements

06 Expenses

Profit before income tax includes the following specific expenses:	2021 $'000	2020 $'000
Depreciation		
Buildings	(4,284)	(3,517)
Plant and equipment	(92,352)	(85,336)
Bearer plant	(1,826)	(958)
Right of use asset	(22,915)	(32,453)
Total depreciation	(121,377)	(122,264)
Amortisation		
Mining reserve and mine development	(115,914)	(114,878)
Intangible assets	(4,194)	(4,210)
Oil producing assets	(5,529)	(7,791)
Lease incentive and leasing fee assets	(22)	(57)
Total amortisation	(125,659)	(126,936)
Impairment expense		
Equity accounted associates[1]	25,322	(61,640)
Property, plant and equipment (including mine development costs)[2]	(28,774)	(119,133)
Land and buildings[2]	(9,053)	-
Exploration and evaluation assets[3]	(1,672)	(238,007)
Oil producing and exploration assets[4]	-	(47,629)
Right-of-use assets[5]	(2,136)	-
Intangibles[5]	(915)	(16,776)
Other assets[5]	(683)	(702)
Total impairment expense	(17,911)	(483,887)
Operating lease costs expensed[6]	(1,481)	(3,600)
Employee benefits expenses[7]	(212,007)	(250,041)
Finance costs[8]	(35,652)	(35,474)
Exploration costs expensed[9]	(8,499)	(19,677)
Onerous contract[10]	(37,276)	106
Redundancy costs[11]	(15,733)	(7,405)
Other expenses[12]	(24,368)	14,058

06 Expenses (continued)

1 Impairment of equity accounted associates

The recoverable amounts of investments in equity accounted associates have been assessed as at 31 July 2021. Where the carrying value of an investment exceeds the recoverable amount, the investment is impaired. At each reporting date an assessment is also made as to whether there are any circumstances that would indicate that any impairment recognised has decreased or no longer exists. Where evidence supports a reduction in an impairment, the impairment expense may be reversed through the consolidated statement of comprehensive income.

During the current reporting period, an additional impairment of $2.28 million was recognised on the investment in Palla Pharma Limited, and a reversal of impairment of $27.60 million was recognised on the investment in Pengana Capital Group Limited.

In the previous reporting period, an impairment expense of $22.07 million was recognised on the investment in Pengana Capital Group Limited, $32.55 million on the investment in Australian Pharmaceutical Industries Limited and $7.58 million on the investment in Palla Pharma Limited. A reversal of an impairment of $0.56 million was recognised for Verdant Minerals Limited.

2 Impairment of property, plant and equipment

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

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

- Property, Plant & Equipment: $30.19 million (2020: $65.45 million) and $1.39 million (2020: $nil) was recognised for the Queensland Coal Mining CGU of New Hope (refer to Note A below) and the Coal Exploration and Evaluation Assets CGU of New Hope (refer to Note B below) respectively.
- Queensland Coal Mining CGU buildings: $9.05 million (2020: $nil) was recognised (refer to Note A below).

For the year ended 31 July 2021, an impairment expense of $1.91 million (2020: $0.27 million) was recognised on Agricultural assets.

For the year ended 31 July 2021, a reversal of impairment of $4.71 million (2020: impairment of $52.60 million) was recognised on property, plant and equipment and mine development costs in Round Oak Minerals Pty Limited.

3 Impairment of exploration and evaluation assets

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

For the year ended 31 July 2021, the following impairment expenses were recognised by New Hope:

- $1.02 million (2020: $45.33 million) and $0.23 million (2020: $157.20 million) was recognised for the Queensland Coal Mining CGU (refer to Note A below) and the Coal Exploration and Evaluation Assets CGU (refer Note B below) respectively.

For the year ended 31 July 2021, an impairment expense of $0.42 million (2020: $17.54 million) was recognised by Round Oak Minerals Pty Limited.

For the year ended 31 July 2020, an impairment expense of $17.94 million was recognised on exploration and evaluation assets on oil producing assets of New Hope (2021: $nil).

4 Oil producing assets

For the year ended 31 July 2020, an impairment expense of $47.63 million was recognised on oil producing assets of New Hope (2021: $nil).

06 Expenses (continued)

5 Other assets

For the year ended 31 July 2021, an impairment expense of $2.14 million (2020: $nil) was recognised in respect of Right-of-Use Assets. In May 2021 New Hope executed a contract to partially sublease its head office building, and the impairment charge was recognised on remeasurement of the Right-of-Use Asset to fair value following a change in assumptions pertaining to the original fair value measurement assessment.

For the year ended 31 July 2021, the following impairment expenses were recognised by New Hope:

- $0.05 million (2020: $nil) was recognised in respect of Queensland Coal Mining CGU Mining Land. In June 2021 New Hope reclassified land with a net book value of $0.57 million as Assets Held for Sale, and at year end remeasured the land to fair value less costs to sell, resulting in the impairment charge.
- $0.64 million (2020: $0.81 million) was recognised on Other Buildings. On 28 July 2021 New Hope executed a contract for sale of certain building assets. The assets were reclassified as assets held for sale and remeasured to fair value less costs to sell.

For the year ended 31 July 2021, an impairment expense of $0.92 million (2020: $0.35 million) was recognised in respect of water rights held by the Group's agricultural investment properties.

For the year ended 31 July 2020, an impairment expense of $16.43 million was recognised in respect of goodwill attached to coal and copper exploration assets (2021: nil).

For the year ended 31 July 2020, an impairment expense of $0.69 million was recognised in respect of investment property (2021: nil).

6 Operating lease costs expensed

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

7 Employee benefits expenses

Employee benefits expenses represent expenses paid to all employees within the Group. This amount mainly relates to $150.04 million (2020: $193.98 million) paid to employees of New Hope and $45.60 million (2020: $48.05 million) paid to employees of Round Oak. Employee benefits expenses include superannuation expenses of $45.60 million (2020: $16.04 million).

8 Finance costs

This amount mainly relates to $26.68 million (2020: $26.38 million) paid by New Hope, $1.08 million (2020: $3.76 million) paid by Round Oak and $6.98 million (2020: $4.31 million) paid by the Parent Entity on interest bearing liabilities, unwinding of the discount on provisions and interest expense in relation to lease liabilities.

9 Exploration costs expensed

This amount relates to New Hope exploration costs expensed.

10 Onerous contract

During the year ended 31 July 2021, New Hope recognised an expense of $37.28 million in respect of one onerous take-or-pay contract that ends in December 2021. The expense was recognised as a selling and distribution expense, and includes actual costs paid during the current period and estimated costs expected to be paid in future periods. As at 31 July 2021, New Hope retained a provision of $16.48 million in relation to these future costs (refer to Note 15).

11 Redundancy costs

During the year ended 31 July 2021, New Hope incurred $15.73 million in redundancy costs across its Queensland operations and corporate office as part of an overall group restructure.

12 Other expenses

This amount mainly relates to $16.50 million (2020: $nil) write off of loan and interest to an external party, $2.67 million (2020: $nil) expected credit losses allowance on external loans, $2.62 million (2020: reversal provision of $14.06 million) liquidation related expenses incurred by New Hope and $1.30 million (2020: $nil) loss on fair value recognition of a loan.

06 Expenses (continued)

Impairment (expenses)/reversals by segment and by asset class is shown in the table below:

Year ended 31 July 2021	New Hope					
	Qld Coal Mining Assets $'000	Coal Exploration & Evaluation Assets $'000	Other activities $'000	Round Oak Minerals $'000	Other investing activities $'000	Total $'000
Impairment expense						
Equity accounted associates	-	-	-	-	25,322	25,322
Property, plant and equipment (including mine development costs)	(30,191)	(1,385)	-	4,710	(1,908)	(28,774)
Land and buildings	(9,053)	-	-	-	-	(9,053)
Exploration and evaluation assets	(1,015)	(233)	-	(424)	-	(1,672)
Right-of-use assets	-	-	(2,136)	-	-	(2,136)
Intangibles	-	-	-	-	(915)	(915)
Other assets	(48)	-	(635)	-	-	(683)
	(40,307)	(1,618)	(2,771)	4,286	22,499	(17,911)

Year ended 31 July 2020	New Hope					
	Qld Coal Mining Assets $'000	Coal Exploration & Evaluation Assets $'000	Other activities $'000	Round Oak Minerals $'000	Other investing activities $'000	Total $'000
Impairment expense						
Equity accounted associates	-	-	-	-	(61,640)	(61,640)
Property, plant and equipment (including mine development costs)	(65,449)	-	(812)	(52,600)	(272)	(119,133)
Exploration and evaluation assets	(45,334)	(157,197)	(17,940)	(17,536)	-	(238,007)
Oil producing and exploration assets	-	-	(47,629)	-	-	(47,629)
Intangibles	-	-	(12,272)	-	(4,504)	(16,776)
Other assets	-	-	-	-	(702)	(702)
	(110,783)	(157,197)	(78,653)	(70,136)	(67,118)	(483,887)

06 Expenses (continued)

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

Note A: Queensland Coal Mining Operations CGU

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

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

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

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

- The NAC03 project requires a Regional Interests Development Approval (RIDA) in accordance with the Regional Planning Interests Act 2014. The application was approved, with conditions, by the Queensland Treasury on 27 August 2020.
- On 3 February 2021, the High Court of Australia upheld the appeal by Oakey Coal Action Alliance (OCAA) against NAC03 in respect of the orders issued by the Queensland Court of Appeal given on 1 November 2019.
- The High Court ordered the matter to be re-heard in the Queensland Land Court. The Land Court hearing has been reserved for 3 November 2021.

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

Assumption	Description
Approvals, timelines, probabilities and coal tonnages	The extension of approval timelines and the nature of approvals has a direct impact on assumptions relating to the volume of coal tonnages to be produced and sold. The assessments have been considered based on project approvals being granted in 2022 in the earliest instance (highest probability), or at the latest with operations recommencing on 1 August 2026 (lowest probability). The assumptions of the impairment assessment reflect that once approvals are granted, NAC03 operates for the full life of mine with varying tonnage scenarios considered to optimise the return from the assets. An assessment was also considered based on the project approvals not being granted and New Hope not pursuing approvals, placing the operations into care and maintenance (lowest probability).
Coal Price	Short term coal prices have improved since October 2020 and long-term indications of pricing have remained largely consistent and in line with pricing reflected at 31 July 2020. The coal price range for assessments at 31 July 2021 is USD55.13 – USD127.54 (2020: USD47.80 – USD133.50) per tonne (nominal basis).
Foreign exchange	The assumed AUD:USD foreign exchange rate modelled is 0.75 - 0.77 (2020: 0.68 - 0.73).
Discount rates	The future cash flows have been discounted using a post-tax discount rate of 10.5% (2020: 10.5%)

Further considerations

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

The Queensland Coal Mining Operations CGU of New Hope (Qld Coal CGU) has take-or-pay agreements for rail, port and water supply. The rail agreement is generally aligned to the mining of Stage 2 coal, while the port and water agreements are for a longer term. Refer to Note 15 for information on onerous take-or-pay contracts identified.

06 Expenses (continued)

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

Recoverable amount and impairment charge

	2021 Recoverable amount $'000	2021 Impairment expenses $'000	2020 Recoverable amount $'000	2020 Impairment expenses $'000
Property, plant and equipment				
Land and buildings - mining	**18,859**	**9,053**	29,592	-
Plant and equipment	**19,007**	**30,191**	62,208	12,864
Mining reserves, leases and development assets	**97**	-	866	-
Plant under construction	**252**	-	516	52,585
Intangibles				
Software	**373**	-	688	-
Exploration and evaluation assets				
Exploration and evaluation at cost	**2,204**	**1,015**	-	45,334
	40,792	**40,259**	93,870	110,783

In assessing the recoverable amount for the CGU, New Hope has used reasonable assumptions and judgements of future uncertainties in key pricing, discounts rate, foreign exchange assumptions and probabilities of scenarios. Any changes in actual scenario outcomes could either result in additional impairment of the remaining carrying value of the CGU at risk of $40.79 million (2020: $93.87 million) or reversal of previously booked impairments.

As at 31 July 2021, New Hope concluded that in aggregate the above matters result in the recoverable amount for the CGU being below its carrying value and an impairment charge of $40.26 million was booked in the current reporting period.

Note B: Coal Exploration and Evaluation Assets CGU

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

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

New Hope concluded the recoverable amount for the CGU was below its carrying value and an impairment charge of $1.62 million was recognised during the current reporting period. Any changes in assumptions could result in an additional impairment. The residual carrying value of the New Hope CGU at risk as at 31 July 2021 is $39.32 million (2020: $39.87 million).

	2021 Recoverable amount $'000	2021 Impairment expenses $'000	2020 Recoverable amount $'000	2020 Impairment expenses $'000
North Surat coal project				
Exploration and evaluation	**25,530**	**233**	23,069	147,816
Property, plant and equipment	**8,797**	**1,385**	10,861	-
Yamala coal project				
Exploration and evaluation	**4,989**	-	5,939	9,381
	39,316	**1,618**	39,869	157,197

Notes to the Financial Statements

07 Equity accounted associates

	2021 $'000	2020 $'000
Non-current assets		
Equity accounted associates	899,236	810,407

a) Movement in equity accounted carrying values

	2021 $'000	2020 $'000
Opening balance at 1 August	810,407	1,603,610
New investments during the period	6,041	17,990
Reclassification of a equity accounted associate to financial asset held for sale	-	(105,051)
Reclassification of a long term equity investment to equity accounted associate	14,272	-
Reclassification of equity accounted associate to a asset held for sale	(5,642)	-
Reclassification of equity accounted associate to a long term equity investment	-	(553,704)
Gain on deemed disposal of equity accounted associates	7,373	5,348
Share of profits after income tax, before impairment[1]	67,212	60,343
Net impairment income/(expense) of equity accounted associates	25,322	(61,640)
Dividends received/receivable	(49,417)	(260,093)
Non-cash in specie dividend of Tuas Limited from TPG Telecom Limited	-	79,683
Add back share of dividends received by associate	25,003	24,367
Share of associates (decrements)/increments in reserves	(1,335)	2,414
Effect of initial adoption of AASB 15 from associates	-	(2,860)
Closing balance at 31 July	899,236	810,407

[1] In the prior reporting period, the share of equity accounted associates' profits after income tax, before impairment excludes the fair value gain on derecognition of TPG Telecom Limited as associate which is included in the total contribution from equity accounted associates in 7(b) below.

07 Equity accounted associates (continued)

b) Details of investments and results in associates

Year ended 31 July	Reporting date	Group's percentage of holding at balance date[1]		Contribution to Group result for the year[2]		Equity accounted carrying value[3]	
		2021	2020	**2021 Total $'000**	2020 Total $'000	**2021 Total $'000**	2020 Total $'000
Associates – held by the Parent Entity							
Apex Healthcare Berhad[4] *Pharmaceutical manufactuer and distributor*	31-Dec	**29.8**	30.1	**5,176**	5,947	**47,130**	43,986
Australian Pharmaceutical Industries Limited[5] *Manufacturer of building products and investor*	31-Aug	**-**	19.3	**-**	10,302	**-**	-
Brickworks Limited[6] *Manufacturer of building products and investor*	31-Jul	**43.3**	43.8	**74,230**	2,032	**588,584**	519,195
Pengana Capital Group Limited[7] *Funds management*	30-Jun	**38.6**	38.6	**3,367**	2,366	**68,017**	39,828
Palla Pharma Limited[8] *Manufacturer of narcotic concentrate from poppy straw*	31-Dec	**19.9**	19.9	**(11,702)**	(2,500)	**11,915**	22,286
TPG Telecom, including fair value gain on derecognition[9] *Telecommunications and internet provider*	30-Jun	**-**	12.6	**-**	1,510,803	**-**	-
Other associates[10,11,12]	**various**	**various**	various	**(3,859)**	5,918	**183,590**	185,112
Total contributions from equity accounted associates, including fair value gain on derecognition of TPG				**67,212**	1,534,868	**899,236**	810,407
Gain on deemed disposal of equity accounted associates, net of tax				**5,161**	5,225		
Deferred tax expense on gain on derecognition of TPG Telecom as an associate[9]				**-**	(389,187)		
Deferred tax (expense)/benefit recognised on equity accounted associates				**(28,952)**	14,210		
Net reversal / (impairment) expense of associates				**25,322**	(61,640)		
Net contribution from equity accounted associates				**68,743**	1,103,476		

07 Equity accounted associates (continued)

b) Details of investments and results in associates (continued)

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

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

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

4 During the current reporting period, Apex Healthcare Berhad issued shares by way of employee share schemes. The Parent Entity did not participate in the share issues. As a result, there has been an immaterial decrease in the Group's shareholding in each of these investments.

5 During the current reporting period, the Parent Entity reassessed the classification of Australian Pharmaceutical Industries Limited (API) as an equity accounted associate as a result of Robert Millner resigning as a Director of API in July 2020. Accordingly, WHSP has classified API as a Fair Value through Profit and Loss (FVTPL) asset in the current period and has restated the prior year comparative. The carrying value restated was $105.05 million from equity accounted associate to Financial assets held for trading.

6 During the current reporting period, Brickworks issued shares under its dividend reinvestment plan. As a result, the shareholding in this investment has reduced by 0.5% to 43.3%.

7 During the current reporting period, Pengana Capital issued shares under Pengana Capital's Employee Share Plan. Due to the Parent Entity's non-participation in the issue of shares, the Parent Entity's shareholding decreased by 0.05% to 38.6%.

8 During the current reporting period, the Parent Entity purchased additional shares in Palla Pharma Limited for $3.58 million under its retail and institutional entitlement offer. The Parent Entity's shareholding increased by 0.01% to 19.89% as a result.

9 During the previous reporting period, the Group's share of ownership in TPG was diluted from 25.3% to 12.6% as a result of the TPG and Vodafone Hutchison Australia Pty Limited ("VHA") merger. As of the merger date (29 June 2020), the Group lost significant influence over TPG and discontinued equity accounting its investment in TPG contributing $1.12 billion (after tax) to profit during the reporting period. This contribution reflects the Parent Entity's share of TPG's equity accounted results and reserves up until the merger date, and a gain from initial recognition of a financial asset held at Fair Value Through Other Comprehensive Income. From 29 June 2020, the Consolidated Entity's investment in TPG is held as an investment at Fair Value through Other Comprehensive Income.

10 Following the approval of the merger of TPG and VHA, the Tuas Limited Group ("Tuas") was demerged from TPG via a non-cash in-specie dividend of Tuas shares. Tuas owns and operates the fourth largest mobile network in Singapore. The Parent Entity received an in-specie dividend of $79.70 million on 13 July 2020. The Parent Entity owns 25.26% of Tuas and holds a board seat. As at the de-merger date the Parent Entity has significant influence over Tuas and commenced equity accounting of the investment. Tuas was listed on the ASX from 30 June 2020. In the segment information Note (refer to Note 2, above), the equity accounted results of Tuas are included in the other investing activities.

11 On 1 August 2020, the Parent Entity reclassified Heritage Brands Limited from fair value through other comprehensive income to equity accounted associate. As a result of this change, the opening balance of this investment was restated.

12 On 1 August 2020, the Parent Entity reclassified Seven Miles Roasters Pty Limited from fair value through other comprehensive income to equity accounted associate. As a result of this change, the opening balance of this investment was restated. As at 31 July 2021, Seven Miles Roaster Pty Limited was reclassified to Asset classified as held for sale. The sale of Seven Miles occurred in early September 2021, with the total settlement expected to complete by the end of October 2021.

08 Long term equity investments

	2021 $'000	2020 $'000
Non-current assets		
Long term equity investments - listed	2,244,687	2,502,944
Long term equity investments - unlisted	118,151	113,150
Total long term equity investments	2,362,838	2,616,094
Dividends		
Dividends from long term equity investments held at FVOCI recognised in profit or loss in other income:		
Related to investments sold during the year	219	2,326
Related to investments held at the end of the year	45,095	24,614
Total dividends	45,314	26,940

At 31 July 2021, the Parent Entity held $2.36 billion (2020: $2.62 billion) of long term equity investments.

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

Long term equity investments with a fair value of $653.37 million (2020: $334.69 million) have been transferred to various Parent Entity's financiers as security for the $289.81 million (2020: $235.18 million) equity finance loans. As the Parent Entity retains the risks and benefits of ownership of the transferred long term equity investments, including the right to receive dividends, these long term equity investments continue to be included as an asset on the consolidated statement of financial position.

In addition, during the current reporting period, the Parent Entity utilised a long term loan facility with Credit Suisse. This facility was repaid and closed on the 29 January 2021. As at 31 July 2020, there were long term equity investments with fair value of $759.84 million that were transferred to Credit Suisse as security for the $200 million Parent Entity's term loan facility. As at 31 July 2021, all secured long term equity investments have been transferred back to the Parent Entity. Refer to Note 14 for further details.

09 Non-current trade and other receivables

	2021 $'000	2020 $'000
Non-current assets		
Loans to other parties – secured	152,801	14,750
Loans to other parties – unsecured	77,922	-
Other receivables and prepayments	2,791	2,247
	233,514	16,997

During the reporting period, the Consolidated Entity provided loans to external parties on commercial terms. The total balance of loans as at 31 July 2021 was $233.33 million (2020: $17.00 million). $152.80 million (2020: $14.75 million) of these loans are secured by general security deeds that provides fixed and floating charges over all assets and property mortgages.

10 Property, plant and equipment

	Land $'000	Buildings $'000	Farmland assets $'000	Plant, fixtures, motor vehicles $'000	Oil producing assets $'000	Mining reserves and leases $'000	Mine development $'000	Bearer plants $'000	Total $'000
At 1 August 2020									
Cost	180,458	95,862	40,144	1,455,625	199,972	1,245,869	457,908	17,725	3,693,563
Accumulated depreciation/amortisation and impairment	-	(32,149)	(426)	(812,170)	(154,145)	(201,633)	(252,496)	(958)	(1,453,977)
Net book value	180,458	63,713	39,718	643,455	45,827	1,044,236	205,412	16,767	2,239,586
Opening net book value	180,458	63,713	39,718	643,455	45,827	1,044,236	205,412	16,767	2,239,586
Additions	-	2,590	33,159	46,569	4,942	-	47,477	13,571	148,308
Mining and restoration and rehabilitation	-	-	-	25,097	55	-	(2,605)	-	22,547
Transfers in/(out)	-	(22,206)	(1,371)	22,133	-	-	-	1,444	-
Transfer to exploration and evaluation assets	-	-	-	-	-	-	(992)	-	(992)
Transfer to held for sale asset	(3,719)	(8,343)	-	(9,832)	-	-	-	-	(21,894)
Transfer from Right-of-use assets	-	-	-	4,868	-	-	-	-	4,868
Disposal of assets	(5,431)	(2,102)	(316)	(12,487)	-	-	(7)	-	(20,343)
Fair value adjustments	-	-	2,718	-	-	-	-	-	2,718
Impairment of assets	-	(9,053)	(1,908)	(30,191)	-	-	3,325	-	(37,827)
Depreciation/amortisation	-	(3,412)	(872)	(92,352)	(5,529)	(61,664)	(54,250)	(1,826)	(219,905)
Closing net book value	171,308	21,187	71,128	597,260	45,295	982,572	198,360	29,956	2,117,066
At 31 July 2021									
Cost	171,308	66,484	74,334	1,531,973	204,969	1,245,869	501,781	32,740	3,829,458
Accumulated depreciation/amortisation and impairment	-	(45,297)	(3,206)	(934,713)	(159,674)	(263,297)	(303,421)	(2,784)	(1,712,392)
Net book value	171,308	21,187	71,128	597,260	45,295	982,572	198,360	29,956	2,117,066

10 Property, plant and equipment (continued)

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

Notes to the Financial Statements

11 Exploration and evaluation assets

Non-current assets	2021 $'000	2020 $'000
Exploration and evaluation assets at cost	124,181	109,422
Movement		
Opening net book value	109,422	333,623
Additions	14,686	17,524
Impairment expenses (refer note 6)	(1,672)	(241,931)
Transfer from property, plant and equipment	992	-
Movement in rehabilitation	753	206
Closing net book value at 31 July	124,181	109,422

Exploration and evaluation assets include New Hope of $105.53 million (2020: $94.22 million) and Round Oak of $18.65 million (2020: $15.20 million).

12 Intangibles

	Goodwill $'000	Water rights $'000	Mining information $'000	Other intangibles $'000	Software $'000	Total $'000
At 31 July 2020						
Cost	20,184	32,170	70,809	6,786	18,506	148,455
Accumulated amortisation and impairment	(4,157)	(1,624)	(8,667)	-	(16,821)	(31,269)
Net book value	16,027	30,546	62,142	6,786	1,685	117,186
Year ended 31 July 2021						
Opening net book value	16,027	30,546	62,142	6,786	1,685	117,186
Additions	-	20,099	-	-	1	20,100
Disposals	-	(72)	-	-	(15)	(87)
Transfers out to assets held for sale	-	-	-	-	(5)	(5)
Transfers out to cost of sales	-	(782)	-	-	-	(782)
Transfers in from deferred tax liability	2,036	-	-	-	-	2,036
Impairment charged to profit or loss	-	(915)	-	-	-	(915)
Amortisation charged to the profit or loss (refer to note 6)	-	(555)	(2,969)	-	(670)	(4,194)
Closing net book value	18,063	48,321	59,173	6,786	996	133,339
At 31 July 2021						
Cost	22,220	51,765	70,809	6,786	18,734	170,314
Accumulated amortisation and impairment	(4,157)	(3,444)	(11,636)	-	(17,738)	(36,975)
Net book value	18,063	48,321	59,173	6,786	996	133,339

12 Intangibles (continued)

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

Notes to the Financial Statements

13 Lease assets and liabilities

The Consolidated Entity recognised the following right-of-use assets:

Right-of-use assets	2021 $'000	2020 $'000
Carrying amount of lease assets, by class of underlying asset:		
Buildings (primarily relates to office premises and swimming pool sites)	**24,673**	33,276
Plant, fixtures and motor vehicles	**94,667**	80,264
Water leases	**5,984**	3,972
Total carrying amount of right-of-use assets	**125,324**	117,512
Reconciliation of the carrying amount of right-of-use assets at the beginning and end of the year:		
Opening carrying amount	**117,512**	-
Amount recognised at 1 August 2019 upon adoption of AASB 16[1]	**-**	125,594
Acquisition of businesses	**-**	706
Additions	**42,538**	24,516
Disposals	**-**	(851)
Transfer to property, plant and equipment	**(4,868)**	-
Remeasurement of leases[2]	**(4,807)**	-
Depreciation	**(22,915)**	(32,453)
Impairment of right-of-use assets	**(2,136)**	-
Carrying amount at 31 July	**125,324**	117,512

Set out below are carrying amounts of right-of-use assets recognised and the movements during the period:

	Land & Buildings $'000	Plant, fixtures and motor vehicle $'000	Water rights $'000	Total $'000
As at 1 August 2019				
Additions	35,680	110,442	4,697	150,819
Depreciation	(2,404)	(29,952)	(100)	(32,456)
Disposals	-	(226)	(625)	(851)
As at 31 July 2020	33,276	80,264	3,972	117,512
Additions	1,579	38,450	2,509	42,538
Depreciation	(3,239)	(19,179)	(497)	(22,915)
Impairment	(2,136)	-	-	(2,136)
Remeasurement of Assets	(4,807)	-	-	(4,807)
Transfer out	-	(4,868)	-	(4,868)
At 31 July 2021	24,673	94,667	5,984	125,324

[1] The Group adopted AASB 16 for the first time on 1 August 2019.
[2] Remeasurement of assets relates to remeasurement of Right-of-use Assets due to a change in lease terms.

13 Lease assets and liabilities (continued)

The Consolidated Entity recognised the following lease liabilities:

Lease liabilities	2021 $'000	2020 $'000
The present value of lease liabilities is as follows:		
Current	18,596	22,215
Non-current	112,816	99,151
Recognised as lease liabilities	131,412	121,366
Opening carrying amount	121,366	-
Opening balance at 1 August upon adoption of AASB 16	-	126,949
Acquisition of businesses	-	706
Additions	42,538	24,521
Disposals	-	(807)
Accretion of interests	6,909	6,703
Payments	(33,863)	(36,706)
Remeasurement of leases [1]	(5,538)	-
Closing balance at 31 July	131,412	121,366

The Group leases property, including office buildings and port facilities, and plant and equipment. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions.

The maturity profile of lease liabilities recognised at the end of the reporting period is:

Lease liabilities (undiscounted) maturity analysis	2021 $'000	2020 $'000
Within one year	24,089	27,228
Later than one year but not later than five years	65,215	36,189
Greater than five years	86,285	111,625
Total	175,589	175,042

Secured liabilities

Lease liabilities are effectively secured as the rights to the leased assets recognised in the consolidated financial statements revert to the lessor in the event of default. No other assets are pledged as security for the lease liabilities. The total cash outflow for leases for the reporting period ended 31 July 2021 was $33.86 million (2020: $36.71 million).

The Group recognised the following amounts in the statement of comprehensive income:	2021 $'000	2020 $'000
Depreciation expense of right-of-use assets	22,915	32,453
Interest expense on lease liabilities	6,909	6,703
Short-term and low value lease expenses	1,481	3,600

[1] Remeasurement of assets relates to remeasurement of Right-of-use Assets due to a change in lease terms.

14 Interest bearing liabilities

ACCOUNTING POLICY

Interest bearing liabilities are initially recognised at fair value, net of any transactions costs incurred. These balances are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the term of the liability using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the term of the facility to which it relates.

Interest bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Convertible Notes

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

14 Interest bearing liabilities (continued)

	2021 $'000	2020 $'000
Current liabilities		
Secured		
Bank overdraft (WHSP Agriculture Trust)[1]	**3,085**	30
Equity finance loans (Parent Entity)[2]	**289,810**	235,182
Secured loans (New Hope)[3]	**953**	928
Secured loans (PSRE Urban Regeneration Trust)[4]	**-**	12,000
Equipment finance loans (WHSP Agriculture Trust)[1]	**879**	73
	294,727	248,213
Non-current liabilities		
Unsecured		
Convertible notes (Parent Entity)[2]	**216,282**	-
Convertible notes (New Hope)[3]	**189,193**	-
Secured		
Market rate loan (WHSP Agriculture Trust)[1]	**33,000**	21,025
Equipment finance loans (WHSP Agriculture Trust)[1]	**2,329**	203
Other loans facilities (Parent Entity)[2]	**-**	199,170
Secured loans (New Hope)[3]	**307,101**	355,024
	747,905	575,422
Total interest bearing liabilities	**1,042,632**	823,635
Less: cash and cash equivalents	**(610,324)**	(344,813)
Net debt	**432,308**	478,822
Financing facilities[5]	**1,186,460**	1,441,606
Less: facilities utilised at reporting date		
Convertible bonds	**(405,475)**	-
Equity finance and other loan facilities	**(637,157)**	(823,635)
Capitalised transaction costs	**-**	(4,878)
Facilities unutilised at reporting date	**143,828**	613,093

14 Interest bearing liabilities (continued)

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

Financing facilities

As at 31 July 2021, the Consolidated Entity had the following financing facilities in place:

1 WHSP Agriculture Holding Trust

In the prior year, the WHSP Agriculture Holding Trust entered into a 5-year secured loan facility, comprising a $4 million bank overdraft, $26 million market rate loan and a $3.33 million asset finance facility. The expiry date is 30 July 2025.

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

On 20 December 2020, the market rate loan facility was increased to $33 million.

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

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

- $3.09 million of the bank overdraft facility (2020: $0.03 million) at an average interest rate of 2.85% pa (2020: 2.85% pa). The unutilised facility as at 31 July 2021 was $0.92 million (2020: $3.97 million).
- $33.00 million of the market rate loan facility (2020: $21.21 million) at an interest rate of 1.87% pa (2020: 2.0% pa). The unutilised facility as at 31 July 2021 was $nil (2020: $4.80 million).
- $2.33 million of the asset finance facility (2020: $nil) at a weighted average interest rate of 3.10% pa (2020: $nil). The unutilised facility as at 31 July 2021 was $0.97 million (2020: $3.30 million).
- $0.88 million of the agricultural equipment finance facility (2020: $0.28 million) at a weighted average interest rate of 0.93% pa (2020: 0.56%). The unutilised facility as at 31 July 2021 was $nil (2020: $nil).

2 Parent Entity

Equity finance facilities

As at 31 July 2021, the Parent Entity has increased its access to secured financial asset finance with the addition of a further two financiers, bringing the total to four.

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

The increase in the panel of providers helped facilitate the specific representation that the Parent Entity made to make a stock loan available to support the $200 million New Hope convertible note issue (refer to Note 14(c), below).

The tenor for each borrowing under these facilities ranges from 30 to 365 days, and the average cost of 0.88% pa (2020: 1.08% pa).

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

Other financing facilities

In the prior reporting period, the Parent Entity entered into a $200 million three year secured term loan facility with Credit Suisse AG. The facility was for making investments, refinancing existing debt and general corporate purposes.

On 29 January 2021, the facility was repaid and extinguished using the proceeds of the convertible note issue.

Notes to the Financial Statements

14 Interest bearing liabilities (continued)

Convertible Notes

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

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

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

The net proceeds from the convertible notes, after deducting all the related costs and expenses, were $221.09 million. As of 31 July 2021, the proceeds have been used to repay approximately $200 million of existing financial indebtedness, with the remaining proceeds applied to further strengthen the Parent Entity's liquidity position.

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

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

Convertible notes split into the liability and equity components	2021 $'000
Opening balance at 1 August 2020	-
Nominal value of convertible notes issued on 29 January 2021	225,000
Equity component of the convertible notes	**(5,634)**
Transaction fees	**(3,911)**
Liability component of the convertible notes (net of capitalised transaction fees)	215,455
Interest on convertible notes	1,530
Payment of interest on convertible notes	**(703)**
Liability component at 31 July 2021	216,282

Transaction costs of $3.81 million related to the liability component and $0.09 million to the equity component.

Changes in liabilities arising from financing activites	2021 $'000
Opening balance at 1 August 2020	
Net present value of cashflows - proceeds from issuance of convertible notes, net of transaction costs	221,089
Equity component of convertible notes, net of transaction costs	**(5,634)**
Interest on convertible notes	1,530
Payment of interest on convertible notes	**(703)**
Closing balance at 31 July 2021	216,282

14 Interest bearing liabilities (continued)

3 New Hope

Secured loan facility

New Hope's secured loan facility is with a syndicate of Australian and international banks. The facility comprised a $600 million drawable amortising facility and a $300 million credit support facility. The facility's drawable line for credit is for general corporate purposes and has a maturity of November 2023. The Secured Loan Facility holds a fixed and floating charge over all assets held by the Group, except for certain excluded subsidiaries.

As at the reporting date, the secured loan facility had amortised to $480 million (2020: $510 million).

Facilities utilised as at the reporting date were $310 million (2020: $360 million). During the reporting period an additional $20 million (2020: $135 million) of debt was drawn down under the facility, with $70 million (2020: $135 million) being repaid.

Transaction costs capitalised were $2.90 million as at 31 July 2021 (2020: $4.98 million).

Convertible Notes

On 2 July 2021, New Hope issued convertible notes with an aggregate principal amount of $200 million. There has been no movement in the number of these convertible notes since the issue date.

The notes are convertible at the option of the noteholders into ordinary shares based on an initial conversion price of $2.10 per share at any time on or after 12 August 2021 up to the date falling five business days prior to the final maturity date (2 July 2026). The holder of the option has the right to redeem all or some of the holder’s notes on 2 July 2024 for an amount equal to 100% of the principal amount of the notes plus any accrued but unpaid interest. Any notes not converted will be redeemed on 2 July 2026 at the principal amount of the notes plus any accrued but unpaid interest.

The coupon rate is 2.75% pa payable semi-annually in arrears on 2 January and 2 July.

The net proceeds from the convertible notes, after deducting all the related costs and expenses, were $195.20 million. The proceeds are recorded in cash and short-term deposits at 31 July 2021. New Hope used the net proceeds from the convertible notes for general corporate purposes, that may include further growth expansion and opportunistic mergers and acquisition activity.

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

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

Notes to the Financial Statements

14 Interest bearing liabilities (continued)

Convertible notes split into the liability and equity components	2021 $'000
Opening balance at 1 August 2020	-
Nominal value of convertible notes issued on 2 July 2021	200,000
Equity component of the convertible notes	**(6,610)**
Transaction fees	**(4,798)**
Liability component of the convertible notes (net of capitalised transaction fees)	188,592
Interest on convertible notes	601
Liability component at 31 July 2021	189,193

Transaction costs of $4.64 million related to the liability component and $0.16 million to the equity component

Changes in liabilities arising from financing activites	2021 $'000
Opening balance at 1 August 2020	
Net present value of cashflows - proceeds from issuance of convertible notes, net of transaction costs	195,202
Equity component of convertible notes, net of transaction costs	**(6,610)**
Interest on convertible notes	601
Closing balance at 31 July 2021	189,193

4 Other subsidiaries

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

5 Includes convertible notes, secured loans, bank overdraft and lines of credit.

15 Provisions

	2021 $'000	2020 $'000
Current liabilities		
Mining restoration and site rehabilitation [(a)]	906	11,400
Employee benefits	46,310	47,441
Onerous contracts [(b)]	16,487	10
	63,703	58,851
Non-current liabilities		
Mining restoration and site rehabilitation [(a)]	308,779	275,873
Employee benefits	7,963	7,701
Other	614	592
	317,356	284,166

a) Mining restoration and site rehabilitation

	2021 $'000	2020 $'000
Movements		
Opening balance at 1 August	287,273	260,553
Provisions recognised	23,411	30,945
Derecognition from disposals	(970)	(930)
Provisions credited to profit or loss	10,104	(7,787)
Transfer to assets held for sale	4,033	-
Unwinding of discount charged to profit or loss	(14,166)	4,492
Closing balance at 31 July	309,685	287,273
Disclosed as:		
Current liabilities	906	11,400
Non-current liabilities	308,779	275,873
Total provision for mining restoration and site rehabilitation	309,685	287,273

New Hope

As at 31 July 2021, New Hope has recognised a mining restoration and rehabilitation provision of $267.96 million (2020: $249.06 million) for Bengalla, New Lenton, New Acland, New Oakley, and Jeebropilly coal tenements and Bridgeport oil fields.

Provision is made for rehabilitation, restoration and environmental costs when the obligation arises, based on the net present value of estimated future costs. The ultimate cost of rehabilitation and restoration is uncertain, and management uses its judgment and experience to provide for these costs over the life of the operations.

The Group makes estimates about the future cost of rehabilitating tenements which are currently disturbed, based on legislative requirements and current costs. There are policy change risks in particular with the growing global focus on climate change which may impact on rehabilitation obligations. Cost estimates take into account past experience and expectations of future events that are expected to alter past experiences. Any changes to legislative requirements could have a significant impact on the expenditure required to restore these areas.

The estimation of reserves and resources are also a key judgement that affects the timing of the payment of closedown and restoration costs.

15 Provisions (continued)

Round Oak

As at 31 July 2021 Round Oak Minerals has recognised a mining restoration and site rehabilitation provision of $41.73 million (2020: $38.22 million). The provision is the net present value of the estimated cost of rehabilitating the Jaguar, Mount Colin, and Barbara sites in compliance with future regulations and practices at the end of commercial production.

Until January 2021, Round Oak operated its Jaguar mine using the mine closure plan in place at the time of its acquisition in June 2019. This plan estimated the mine closure cost at $14.6 million. In January 2021, Round Oak submitted an updated mine closure plan to the Western Australian Department of Mines, Industry Regulation and Safety ("DMIRS"). The revised plan estimated the revised mine closure cost at $37.8 million. As at the reporting date, the Jaguar mine rehabilitation provision, updated for inflation and interest rate assumptions is $35.9 million.

Round Oak is working to an agreed timetable with DMIRS to submit an update to the revised mine closure plan in October 2021. The final mine closure plan is due to be submitted to DMIRS in January 2022. The final estimated mine closure cost will not be known until the plan is agreed with DMIRS.

b) Onerous contracts (New Hope)

New Hope has recognised a provision for an onerous take or pay rail contract as a result of the ramp down of its QLD Mining Operations CGU with $37.28 million charged to the Statement of Comprehensive Income in the current reporting period and a provision of $16.48 million (2020: $nil) remains at the reporting date. This contract ends in December 2021.

c) Other provisions (New Hope)

The Directors of New Hope's subsidiaries, Northern Energy Corporation Limited (NEC) and Colton Coal Pty Ltd (Colton Coal), placed the companies into voluntary administration on 17 October 2018. The companies were subsequently placed into liquidation by creditors at a meeting on 26 July 2019. At 31 July 2019, when Wiggins Island Coal Export Terminal Pty Ltd (WICET) and the liquidators for NEC and Colton Coal were claiming in proceedings that New Hope and certain of its subsidiaries had guaranteed the debts of NEC and Colton Coal under the Deed of Cross Guarantee (DOCG) in an amount of approximately $155 million , the Group had recognised a provision for $16 million which it considered at that time was the best estimate of the future probable net economic outflows associated with the NEC and Colton Coal (DOCG) matter.

A summary of the developments associated with this matter, are outlined below:

Deed of Cross Guarantee (DOCG) proceedings

- On 20 August 2019, WICET and the Liquidators on behalf of NEC and Colton filed appeals with the Court of Appeal in New South Wales in relation to the Supreme Court's decision in favour of the Company on the DOCG.
- On 20 December 2019, the Court of Appeal in New South Wales dismissed (with costs) the WICET, NEC and Colton appeal, confirming the Supreme Court's declaration that New Hope had not guaranteed the debts of NEC and Colton Coal under the DOCG.
- In January 2020, applications were made by WICET and by the Liquidators on behalf of NEC and Colton for special leave to appeal to the High Court of Australia in relation to the New South Wales Court of Appeal decision.
- On 12 June 2020, the High Court of Australia dismissed (with costs) WICET, NEC and Colton's applications for special leave to appeal. This left in place the determinations of the Supreme Court and Court of Appeal in New South Wales that New Hope had not guaranteed the debts of NEC and Colton under the Company's DOCG.
- Due to the successful results in relation to the DOCG proceedings, the Company released the previously held provision in the year ended 31 July 2020.

Administration/liquidation process

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

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

The Liquidators evidence was served in September 2021 and a number of affidavits and documents have been received. The proceedings are listed for further directions on 5 October 2021. The Court is yet to set a date for the defendants to serve their evidence or for the hearing of the proceedings.

The Group denies the claims made by the Liquidators and intends to vigorously defend the proceedings.

Given the successful results in relation to the DOCG proceedings, the Company has considered its position and has determined that no provision is required to be made as at 31 July 2021.

16 Contributed equity

	Group and Parent Entity			
	2021 No. of shares	2021 $'000	2020 No. of shares	2020 $'000
Fully paid ordinary shares	239,395,320	43,232	239,395,320	43,232
Convertible notes		3,945		-
		47,177		43,232

Convertible Notes

On 29 January 2021, the Parent Entity issued convertible notes with an aggregate principal amount of $225 million. The convertible notes are convertible into fully paid ordinary shares in the Company. They will mature on 29 January 2026, unless otherwise redeemed, repurchased, or converted. The fair value of the liability component of the convertible notes was estimated at the issuance date and is carried as a long-term liability. The remainder of the proceeds net of transaction costs and taxes, being $3.95 million has been recognised in shareholders' equity.

There has been no movement in the number of these convertible notes since the issue date. Refer to Note 14 interest bearing liabilities.

Notes to the Financial Statements

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

	2021 $'000	2020 $'000
Reconciliation of profit after income tax and net cash flow from operations		
Profit after tax for the year	320,439	874,455
Adjustments for non-cash items:		
Depreciation and amortisation	247,036	249,200
Amortisation of transaction costs	2,076	2,076
Gain on deemed disposal of equity accounted associates	(7,373)	(5,348)
(Gain)/loss on associate reserves recycled back through profit and loss	(3,643)	11,653
Gain on derecognition of TPG as an equity accounted associate	-	(1,474,526)
Gain on revaluation of investment property	(3,600)	-
Loss/(gain) on sale of investment property	873	(38)
Net (gain)/loss on sale of non-current asset	(8,257)	1,161
(Gain)/loss on sale of controlled entity/joint venture	(1,567)	785
Gain on fair value of biological assets	(11,114)	(4,951)
Gain on trading equities fair value through profit or loss	(80,327)	(5,780)
Expected credit loss allowance	2,667	-
Impairment expense	17,911	483,887
Write off loan and interest to external party	16,500	-
Provision for Onerous contract	16,477	-
Net foreign exchange loss/(gain)	3,343	(713)
Non-cash in-specie dividend	-	(79,683)
Non-cash share based payments	2,094	2,372
Unwinding of interest on deferred purchase consideration	905	928
Share of (profits)/loss of associates not received as dividends or distributions	(17,794)	198,759
Other non-cash items	37	1,131
Changes in operating assets and liabilities, net of effects from purchase and sales of business:		
(Increase)/decrease in trade debtors, other debtors and prepayments	(76,557)	13,964
(Increase)/decrease in inventory	(13,442)	11,370
Increase in financial assets held for trading	(67,190)	(107,239)
Increase/(decrease) in trade creditors and accruals	3,558	(18,267)
Increase/(decrease) in employee entitlements and provisions	14,160	(34,400)
Decrease/(Increase) in current tax asset	16,283	(15,254)
Decrease/(increase) in deferred tax asset	55,451	(39,240)
Increase in current tax liability	56,345	25,069
Increase in deferred tax liability	29,424	250,398
Net cash inflow from operating activities	514,715	341,769

18 Fair value estimation

Fair value hierarchy

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

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

Valuation techniques

Listed equities

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

Unlisted equities

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

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

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

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

Investment Properties

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

Consolidated Entity obtained an updated desktop valuation from the same independent valuer as at 31 July 2021. The valuer reviewed updated property-specific financial information and reperformed valuations for each property using market capitalisation and DCF methodologies, with their adopted market value being the mid-point of each methodology. In addition, the valuer provided a "Material Movement" letter for each property, providing an overview of relevant current market conditions for the particular asset class, and confirming for each property that they do not believe there has been any material change to the 31 January 2021 valuation they provided.

Notes to the Financial Statements

18 Fair value estimation (continued)

Fair value measurement

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 31 July 2021				
Financial assets				
Biological assets	-	-	4,658	4,658
Financial assets held for trading	383,319	-	14,263	397,582
Other financial assets	-	18,814	-	18,814
Long term equity investments	2,244,687	81,982	36,169	2,362,838
Non-financial assets				
Other financial assets	8,564	-	40,957	49,521
Investment properties	-	-	87,158	87,158
Total assets	2,636,570	100,796	183,205	2,920,571

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 31 July 2020				
Financial assets				
Biological assets	-	-	2,062	2,062
Financial assets held for trading	263,057	-	4,314	267,371
Other financial assets	-	45,852	-	45,852
Long term equity investments	2,502,944	74,686	38,464	2,616,094
Non-financial assets				
Other financial assets	4,065	8,912	32,812	45,789
Investment properties	-	-	75,724	75,724
Total assets	2,770,066	129,450	153,376	3,052,892

18 Fair Value estimation (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

	Biological assets $'000	Financial assets held for trading $'000	Other financial assets $'000	Long-term equity investments $'000	Investment properties $'000	Total $'000
Opening balance at 1 August 2019	-	2,580	19,264	31,169	106,281	159,294
Acquisitions	554	1,734	13,548	4,109	437	20,382
Disposals	-	-	-	(14)	(3,757)	(3,771)
Change in fair value due to biological transformation	4,952	-	-	-	-	4,952
Transfer to inventory	(3,444)	-	-	-	-	(3,444)
Gain recognised in other income - unrealised	-	-	-	-	38	38
Gain recognised in other comprehensive income - unrealised	-	-	-	3,200	-	3,200
Transfer to held-for-sale asset	-	-	-	-	(27,275)	(27,275)
Closing balance at 31 July 2020	**2,062**	**4,314**	**32,812**	**38,464**	**75,724**	**153,376**
Acquisitions	664	12,633	8,145	25	8,020	29,487
Transfer to Finanical assets held for trading (listed)	-	(2,684)	-	-	-	(2,684)
Change in fair value due to biological transformation	11,113	-	-	-	-	11,113
Transfer to inventory	(9,181)	-	-	-	-	(9,181)
Transfer to Equity accounted associate	-	-	-	(11,971)	-	(11,971)
Transfer to Investment properties	-	-	-	(1,109)	-	(1,109)
Gain recognised in other income - unrealised	-	-	-	-	3,691	3,691
Gain recognised in other comprehensive income - unrealised	-	-	-	10,760	-	10,760
Transfer to held-for-sale asset	-	-	-	-	(277)	(277)
Closing balance at 31 July 2021	**4,658**	**14,263**	**40,957**	**36,169**	**87,158**	**183,205**

19 Commitments

	2021 $'000	2020 $'000
a) Lease commitments - operating		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	180	126
One to five years	-	56
More than five years	-	-
	180	182

	2021 $'000	2020 $'000
b) Capital commitments		
Capital expenditure contracted for at year end but not recognised as liabilities is as follows:		
Within one year	81,497	111,178
One to five years	8,225	34,613
More than five years	5,255	3,262
	94,977	149,053

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

c) WHSP shareholding in API

Wesfarmers Limited announced on 16 September that it has entered into a Process Deed with Australian Pharmaceutical Industries Limited ("API") in relation to a proposal to acquire 100 per cent of the shares in API by way of a scheme of arrangement for cash consideration. This is subject to due diligence, an independent expert's report concluding the proposal is in the best interests of API shareholders and no superior proposal being received.

WHSP has agreed to vote in favour of any proposal recommended by the API Board and has granted a call option to Wesfarmers to acquire its shares in the event of a superior proposal.

20 Contingent liabilities

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

	2021 $'000	2020 $'000
Undertakings and guarantees issued by a subsidiary's bankers to the Department of Natural Resources and Mines, Statutory Power Authorities and various other entities	**21,982**	37,002
Undertakings and guarantees issued by the bankers of the Bengalla Joint Venture (of which a subsidiary is a party) for rail and port suppliers[1]	**-**	13,669
	21,982	50,671

The contingent liabilities as described above are not secured by any charges on the Group's assets.

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

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

Other than the above and the matters set out in Note 15, there are no other contingent liabilities of the Group as at 31 July 2021.

The Consolidated Entity had unrestricted access at 31 July 2021 to bank guarantee facilities of $335.1 million (2020: $335.0 million). At 31 July 2021, the Consolidated Entity had drawn down on these facilities by $125.5 million (2020: $269.6 million).

[1] During the period to 31 July 2021 the participants have assumed responsibility for providing guarantees directly to rail and port suppliers.

21 COVID-19 impact on operations and financial statements

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

Key financial impacts to the Consolidated Entity during the current reporting period were as follows:

- Changes to demand resulting in higher commodity prices, in particular, increased average realised prices achieved for thermal coal, copper and zinc. Since August 2020, copper and zinc prices have significantly improved. In contrast, realised thermal coal prices declined over the August 2020 to November 2020 period, before rebounding since December 2021. An appreciating Australian dollar has partly offset the gains from the increase in commodity prices.
- The impact of reduced sales volumes of major product lines, both in response to market demand and in response to government directives. For example, a reduction in demand for thermal coal from markets such as India and regulatory changes in China favouring its domestic coal producers.
- The Consolidated Entity has not needed to grant any material deferrals or waiver of rents received from its investment properties.
- Changes to operating costs, including additional costs incurred to manage the impact on our assets (e.g., costs relating to controls such as cleaning, screening and roster changes) and the effect of favourable exchange rates and input cost movements. The Consolidated Entity has not received any material benefit from the deferral or waiver of lease payments. Receipt of Federal Government JobKeeper support for two operating businesses in the WHSP Group of $6.86 million comprising New Hope of $5.86 million (2020: $3.91 million) and a subsidiary operating a network of swimming schools of $1.00 million (2020: $2.09 million). For the swim school operation, the support was received for periods where COVID-19 restrictions shut down or severely restricted operations. New Hope received support for the period where COVID-19 disrupted the global thermal coal market, reducing consumption and substantially lowering prices.
- During the current reporting period, the Coronavirus (COVID-19) continued to have a significant impact on local and world economies. It has impacted the financial position and financial performance of the Consolidated Entity and may affect the future financial performance of the Consolidated Entity.

22 Events after the reporting period

On 22 June 2021, the Parent Entity has entered into a Scheme Implementation Agreement with Milton Corporation Limited ("Milton"), under which it is proposed that the Parent Entity will acquire 100% of the share capital of Milton it does not already own. Since that date, the following events have occurred:

- On 5 August 2021, the Federal Court of Australia approved the dispatch of the Scheme Booklet to Milton shareholders and convening of a Scheme Meeting on 13 September 2021.
- On 3 September 2021, Milton announced the Exchange Ratio, where Milton shareholders receive 0.1863 Parent Entity shares for every Milton share they own. This implies the new issue of 121.50 million Parent Entity ordinary shares to effect the scheme of arrangement.
- On 13 September 2021, the Scheme Meeting was held. The Scheme Resolution was passed by the requisite majorities of Milton shareholders.
- On 20 September 2021, the Federal Court of Australia approved the Scheme, with the Scheme expected to be implemented on 5 October 2021.
- As of the date of issue of the Preliminary Final report, it is not practical to reliably measure the financial impact on the Consolidated Entity, as the final identifiable net assets acquired will be based on the Milton net asset value as of 5 October 2021. The purchase consideration, based on the Scheme Booklet is expected to be $3.70 billion.