



New Hope Corporation Limited

A.B.N. 38 010 653 844

APPENDIX 4D & INTERIM REPORT 31 JANUARY 2018

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Directors' annual report and financial statements for the year ended 31 July 2017 and any public announcements made by New Hope Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

New Hope Corporation Limited and Controlled Entities
ABN 38 010 653 844
ASX Appendix 4D
for the half year ended 31 January 2018

Results for announcement to the market

	31 January 2018 \$000	31 January 2017 \$000	% Change
Revenue from operations	509,382	374,620	+ 36%
Profit before income tax	165,152	99,359	+ 66%
Profit before income tax and non regular items	165,152	79,904	+ 107%
Non regular items after tax	-	13,483	- 100%
Profit after income tax before non regular items	115,592	54,876	+ 111%
Profit after income tax and non regular items	115,592	68,359	+ 69%
Profit after income tax and non regular items attributable to New Hope shareholders	115,592	68,357	+ 69%
Earnings per share before non regular items (cents)	13.9	6.6	+ 111%
Earnings per share (cents)	13.9	8.2	+ 70%
Net tangible asset backing per ordinary share	222.6	210.4	+ 6%
Interim dividend declared - 100% franked (Record date: 17 April 2018)	6.0	4.0	+ 50%

Non regular items are not defined by IFRS and are a non-GAAP measure. A reconciliation can be found on page 2 of the Interim Report.

Highlights

- Significant increase in export thermal coal prices during the period;
- Strong profit and cash contribution from Bengalla;
- Production stable compared to prior corresponding period;
- Increase in net profit after tax before non regular items by 111% compared to the prior corresponding period;
- An increase of 73% in operating cashflows for the period to \$206.7 million;
- The acquisition of Burton infrastructure assets in Central Queensland to facilitate the development of the Lenton Project.

New Hope Corporation Limited and Controlled Entities
Directors' Report - 31 January 2018

The Directors present their report on the consolidated entity consisting of New Hope Corporation Limited and its controlled entities.

Directors

The following persons were Directors of New Hope Corporation Limited during the whole of the half year and up to the date of this report.

Mr R.D. Millner
 Mr T.J. Barlow
 Mr W.H. Grant
 Mr T.C. Millner
 Ms S.J. Palmer
 Mr I.M. Williams
 Mr S.O. Stephan

	Note	January 2018 \$000	January 2017 \$000	%
Consolidated results				
Revenue from operations		509,382	374,620	+ 36%
Profit before income tax (before non regular items) *		165,152	79,904	+ 107%
Recovery of prior period below rail access charge	2	-	19,908	
Impairment of available for sale investments		-	(453)	
Profit before income tax (after non regular items)		<u>165,152</u>	<u>99,359</u>	+ 66%
Profit from ordinary activities after income tax (before non regular items) *		115,592	54,876	+ 111%
Recovery of prior period below rail access charge		-	13,936	
Impairment of available for sale investments		-	(453)	
Profit from ordinary activities after income tax (after non regular items)		<u>115,592</u>	<u>68,359</u>	+ 69%
Non-controlling interests		-	(2)	
Profit attributable to New Hope Shareholders		<u>115,592</u>	<u>68,357</u>	
		January 2018	January 2017	
Basic earnings per share (cents) (before non regular items) *		13.9	6.6	+ 111%
Recovery of prior period below rail access charge	2	-	1.7	
Impairment of available for sale investments		-	(0.1)	
Basic earnings per share (cents) (after non regular items)		<u>13.9</u>	<u>8.2</u>	+ 70%

* The profit before non regular items and the earnings per share before non regular items contained within this Directors' Report have not been audited or reviewed in accordance with Australian Auditing Standards.

New Hope Corporation Limited and Controlled Entities Directors' Report - 31 January 2018

Review of Operations

New Hope Corporation Limited (New Hope) recorded a net profit after tax of \$115.6 million (comprising \$57.3 million from Queensland coal operations, \$58.7 million from New South Wales coal operations and a net loss of \$ 0.4 million from oil and gas operations). This result represents an increase of 111% on the \$54.9 million (net profit after tax and before non-regular items) recorded in the six months to January 2017.

Before non-regular items, basic earnings for the six months ended 31 January 2018 were 13.9 cents per share compared to 6.6 cents per share for the previous corresponding period. After non-regular items, basic earnings per share for the six months ended 31 January 2018 were 13.9 cents against 8.2 cents.

During the six months ended 31 January 2018, New Hope generated a strong cash operating surplus of \$207 million (before interest and tax), an increase of 63% on the prior corresponding period.

Directors have declared a fully franked interim dividend of 6.0 cents per share (2017: 4.0 cents per share) to be paid on 1 May 2018 to shareholders registered as at 17 April 2018.

The operating result before non-regular items for the first six months of the 2018 financial year was underpinned by:

- Stable production volumes from operated sites and the Bengalla Joint Venture;
- Significant increases in realised \$A thermal coal prices; and
- Increased oil production and improved realised pricing on oil sales.

MINING OPERATIONS

New Hope's two operated mines in South East Queensland (New Acland and Jeebropilly) combined to produce 2.5 million tonnes of saleable coal during the six months ended 31 January 2018. Bengalla (New Hope's 40% interest) produced 1.9 million tonnes for the six months, giving total group production of 4.4 million tonnes, in line with the prior corresponding period.

Total sales for the six months to 31 January 2018 were 4.4 million tonnes, a 10% increase on the prior corresponding period.

New Acland Coal Mine

The New Acland operation produced 4.5 million tonnes of raw coal during the first six months, an increase of 0.7% on the prior corresponding period.

Saleable coal from New Acland was 2.2 million tonnes, 7.0% lower than the prior period. This reduction was due mainly to product coal stockpile limits being reached and the inability to increase railings to alleviate the high stock levels.

Key activities for the period included:

- A continued focus on health and safety with particular emphasis on safety leadership and personal risk management;
- Optimisation of Stage 2 coal resource areas with a view to prolonging Stage 2 operations;
- Improvements to train weighing system to allow better management of train payloads;
- Upgrade of the Wetalla recycled water supply system to more efficiently utilise this water across the operation; and
- Completion of two access roads to the north of the mine to reduce Stage 3 critical path constraints.

West Moreton Operations

Jeebropilly produced 0.3 million tonnes of product during the period, in line with the previous period. The operation is now preparing for the end of mine life which will occur in the next 18 months.

Rehabilitation has now been completed at Chuwar and Oakleigh West with both areas now under monitoring programs. Oakleigh East rehabilitation is expected to commence in the 2019 financial year.

New Hope Corporation Limited and Controlled Entities Directors' Report - 31 January 2018

New Lenton Joint Venture (New Hope 90%)

In November 2017 the New Lenton Joint Venture settled the acquisition of the infrastructure and various tenements of the Burton Coal operation from Peabody Energy Australia Coal Pty Ltd. Following the acquisition, work has been focused on the geological assessment of the Burton tenements and developing detailed plans for the re-commissioning of the infrastructure. The joint venture expects to make a decision on the recommencement of mining at Burton later this financial year.

NSW Operations – 40% Owned (Bengalla)

New Hope's share of saleable coal production for the half year was 1.9 million tonnes, 11% higher than the prior corresponding period. Sales from Bengalla were 1.9 million tonnes, 7% higher than the prior corresponding period. The key activities associated with the operational performance of the Bengalla mine for the half year were:

- Continued focus on operational efficiency and de-bottlenecking of the coal supply chain;
- Finalisation of enterprise agreement negotiations with a new agreement now in place until January 2022; and
- Working with the neighbouring Mt Pleasant operation to manage potential interaction issues.

The Bengalla operation contributed a profit before tax for the half year of \$83.8 million.

QUEENSLAND BULK HANDLING (QBH)

During the first six months of the financial year, 3.6 million tonnes of coal was exported through the QBH coal terminal at the Port of Brisbane (2017: 3.1 million tonnes).

Key activities at QBH were:

- Continued focus on health and safety with the site now over 5 years lost time injury (LTI) free;
- Significant refurbished works completed on some critical infrastructure;
- Implementation of remote train unloading system; and
- Facilitated increased throughput from customers through flexible capacity arrangements.

EXPLORATION AND DEVELOPMENT PROJECTS

During the period, drilling activity focused on New Acland, Lenton and the recently acquired Burton tenements, with 61 holes drilled for a total of 7,294 metres.

Geological focus was on delineation of resources adjacent to current pits at the New Acland Mine and development and implementation of a geological program to enable mining to commence on the recently acquired Burton tenements.

New Acland (ML's 50216, 50170 and MDL244)

On 14 February 2018, the Company was advised by the Queensland Department of Environment and Science that it had refused its application to amend the Environmental Authority (EA) for the New Acland Coal Mine Stage Three Project. The reasons for this decision have been formally requested.

The Company has initiated a Judicial Review of the Land Court recommendation. This matter has now been listed for a five day hearing commencing 19 March 2018 in the Supreme Court.

The full geological model was updated with the latest coal quality, structure and gravity survey data. Drilling was undertaken to delineate the near pit resources, with particular focus on fault delineation in the north eastern area and the Willaroo area of the deposit.

Bengalla (ML's 1728, 1450, 1729, 1397, 1469, 1711)

The Bengalla coal quality and structural model was completed, with further work underway in respect of bore core unification and simulation of the quality data.

New Hope Corporation Limited and Controlled Entities Directors' Report - 31 January 2018

Lenton Joint Venture Burton Mine

Drilling commenced in late November on New Lenton targeting oxidation limit, quality and seam structure. A review of the existing 19 groundwater monitoring holes identified an additional ten monitoring bores are required to support the Associated Water Licence application, and drilling has since commenced on this program.

Structural and coal quality drilling commenced on the Burton tenements.

North Surat Project

Work continued throughout the period on both reviewing the geological data and the concept mining study.

Database validations of the Collingwood Project have commenced with initial work focussed on seam correlation in the northern portion of EPC640.

Mineral Tenements

A review was undertaken of all the mineral tenures to rationalise the tenure and develop an updated forward plan.

PASTORAL OPERATIONS

The breeding operation at the end of the period is now well established with breeder numbers at 2,153. A total of 1,670 calves had been branded at the end of the period.

The cropping operations have produced approximately 9,000 tonnes of silage which has been sold to local feed lots for delivery in March.

A series of clearing sales of surplus plant and equipment are almost complete, allowing the rationalisation of the large number of smaller holdings into a single property asset suitable for the current Acland Pastoral Company operation.

OIL AND GAS OPERATIONS

Oil production totalled 189,339 barrels for the period, a 34% increase on the corresponding period in 2017 of 141,355 barrels. In addition to the acquisition of Kenmore Bodalla in October 2017, well intervention, repair activities and infill drilling of development wells contributed to the increased production to 31 January 2018.

Improving oil prices over the period resulted in realised prices of A\$67 per barrel, up 8% on the previous half year. As a consequence, revenue for the business was \$12.8 million for the half year, an improvement of 45% on the corresponding 2017 period.

Bridgeport continued its focus on reducing operating costs at the Kenmore field production hub progressing towards not normally manned operations at the Bodalla South and Inland fields and undertaking tank inspections and maintenance at the Moonie field for continuing operations.

During the period the following key business activities were undertaken:

- Ten workovers across the operated producing assets contributed to improved production;
- New infill development wells drilled, cased and suspended as producers at Utopia and Inland;
- The Obelix 1 exploration well at Jundah was cased and suspended for further testing;
- An additional interest was acquired in PEP 150 in the Otway basin from Beach Energy, taking Bridgeport's interest to 50%, and enabling Bridgeport to secure the role of operator; and
- Improved commercial transportation terms were realised across the Company's oil operations as part of newly executed crude oil sales agreements.

New Hope Corporation Limited and Controlled Entities
Directors' Report - 31 January 2018

OUTLOOK

Coal operations remain focused on maintaining current production levels and improving safety performance across the group. Improving commodity prices have started to impact upon the cost of both labour and other materials which will require careful cost management over coming periods. The company's focus on maintaining long term relationships through the recent downturn provides a strong competitive advantage as surplus capacity in these markets is consumed.

The company remains fully committed to securing approval for the NAC03 project and is undertaking all necessary works to deliver this outcome. In addition to securing project approvals, management is seeking to extend the life of Stage 2 operations by recovering all viable coal from the Stage 2 lease area.

A project team has been deployed to the Lenton/Burton mine and will focus on preparation of an investment case for recommencement of operations and the associated work required to restore infrastructure to an operating standard.

Oil operations are focused on optimizing production from existing fields to take advantage of improving oil prices. Targeted exploration and development work is planned over the coming year with a view to moving these assets up the value curve.

The Company is well positioned to take advantage of improving commodity prices across both existing operations and development projects. Demand for high quality Australian coal remains strong in Asia, underpinned by ongoing construction of modern, efficient coal fired power stations.

Signed in Sydney this 19th day of March 2018 in accordance with a resolution of directors.

R.D. Millner
Director

The Board of Directors
New Hope Corporation Limited
3 / 22 Magnolia Drive
Brookwater QLD 4300

Monday, 19 March 2018

Dear Board Members

Independence Declaration

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of New Hope Corporation Limited.

As lead audit partner for the review of the financial statements of New Hope Corporation Limited for the half-year ended 31 January 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

R D Wanstall
Partner
Chartered Accountants

New Hope Corporation Limited and Controlled Entities
Consolidated Statement of Comprehensive Income
for the half year ended 31 January 2018

	Note	31 January 2018 \$000	31 January 2017 \$000
Revenue from operations		509,382	374,620
Other income	2	260	21,915
		<u>509,642</u>	<u>396,535</u>
Expenses			
Cost of sales		(249,560)	(213,316)
Marketing and transportation		(85,815)	(74,944)
Administration		(5,721)	(4,289)
Other expenses		(3,394)	(4,174)
Impairment expenses		-	(453)
		<u>165,152</u>	<u>99,359</u>
Profit before income tax			
Income tax expense	3	(49,560)	(31,000)
Profit after income tax		<u>115,592</u>	<u>68,359</u>
Profit attributable to:			
New Hope Shareholders		115,592	68,357
Non-controlling interests		-	2
		<u>115,592</u>	<u>68,359</u>
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Changes to the fair value of cash flow hedges, net of tax		(162)	4,988
Transfer to profit and loss - cash flow hedges, net of tax		(9,834)	(115)
Changes to the fair value of available for sale financial assets, net of tax		(275)	-
Exchange differences on translation of foreign operations		-	187
Other comprehensive income for the half year, net of tax		(10,271)	5,060
Total comprehensive income		<u>105,321</u>	<u>73,419</u>
Total comprehensive income attributable to:			
New Hope Shareholders		105,321	73,417
Non-controlling interests		-	2
		<u>105,321</u>	<u>73,419</u>
Earnings per share for profit attributable to the ordinary equity holders of the Company		cents per share	cents per share
Basic earnings per share		13.9	8.2
Diluted earnings per share		13.9	8.2

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

New Hope Corporation Limited and Controlled Entities
Consolidated Balance Sheet
as at 31 January 2018

	Note	31 January 2018 \$000	31 July 2017 \$000
Current assets			
Cash and cash equivalents		353,084	236,885
Receivables		68,004	71,567
Inventories		68,120	62,394
Current tax assets		-	13,024
Derivative financial instruments	6	3,796	18,075
Total current assets		<u>493,004</u>	<u>401,945</u>
Non current assets			
Receivables		1,387	1,297
Available for sale financial assets	6	1,701	1,977
Property, plant and equipment		1,359,969	1,324,637
Intangible assets		59,076	59,220
Exploration and evaluation assets		401,407	392,569
Total non current assets		<u>1,823,540</u>	<u>1,779,700</u>
Total assets		<u>2,316,544</u>	<u>2,181,645</u>
Current liabilities			
Accounts payable		64,731	65,293
Lease liabilities		2,398	2,356
Current tax liabilities		44,048	-
Provisions		41,376	43,632
Total current liabilities		<u>152,553</u>	<u>111,281</u>
Non current liabilities			
Lease liabilities		9,022	10,232
Deferred tax liabilities		90,071	101,867
Provisions		155,990	104,841
Total non current liabilities		<u>255,083</u>	<u>216,940</u>
Total liabilities		<u>407,636</u>	<u>328,221</u>
Net assets		<u>1,908,908</u>	<u>1,853,424</u>
Equity			
Contributed equity	5	95,905	95,772
Reserves		26,166	36,518
Retained profits		1,786,837	1,721,114
Capital and reserves attributable to New Hope Shareholders		1,908,908	1,853,404
Non-controlling Interests		-	20
Total equity		<u>1,908,908</u>	<u>1,853,424</u>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

New Hope Corporation Limited and Controlled Entities
Consolidated Statement of Changes in Equity
for the half year ended 31 January 2018

	Contributed Equity \$000	Reserves \$000	Retained Earnings \$000	Non-controlling Interests \$000	Total \$000
Balance as at 1 August 2017	95,772	36,518	1,721,114	20	1,853,424
Profit for the half year	-	-	115,592	-	115,592
Other comprehensive income	-	(10,271)	-	-	(10,271)
Total comprehensive income for the half year	-	(10,271)	115,592	-	105,321
Transactions with owners in their capacity as owners					
Dividends provided for or paid	-	-	(49,869)	-	(49,869)
Transfer from share based payment reserve	133	(133)	-	-	-
Net movement in share based payments reserve	-	52	-	-	52
Share of non-controlling interests	-	-	-	(20)	(20)
Balance as at 31 January 2018	95,905	26,166	1,786,837	-	1,908,908
Balance as at 1 August 2016	95,692	24,353	1,630,362	5	1,750,412
Profit for the half year	-	-	68,357	2	68,359
Other comprehensive income	-	5,060	-	-	5,060
Total comprehensive income for the half year	-	5,060	68,357	2	73,419
Transactions with owners in their capacity as owners					
Dividends provided for or paid	-	-	(16,621)	-	(16,621)
Transfer from share based payment reserve	80	(80)	-	-	-
Net movement in share based payments reserve	-	107	-	-	107
Share of non-controlling interests	-	-	-	-	-
Balance as at 31 January 2017	95,772	29,440	1,682,098	7	1,807,317

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

New Hope Corporation Limited and Controlled Entities
Consolidated Cash Flow Statement
for the half year ended 31 January 2018

	31 January 2018 \$000	31 January 2017 \$000
Cash flows from operating activities		
Receipts from customers inclusive of GST	527,197	424,959
Payments to suppliers and employees inclusive of GST	(320,656)	(297,578)
	<u>206,541</u>	<u>127,381</u>
Interest (paid) / received	158	(257)
Income taxes paid	-	(7,419)
Net cash inflows from operating activities	<u>206,699</u>	<u>119,705</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(34,465)	(36,949)
Payments for intangibles	(1,115)	(117)
Payment for acquisition of business	-	(800)
Payment for exploration and evaluation activities	(8,889)	(5,204)
Refund / (payment) for security and bond guarantees	8	(40)
Net proceeds from held to maturity investments	-	31
Proceeds on Bengalla acquisition settlement adjustment	-	1,669
Proceeds from sale of property, plant and equipment	681	48
Interest received	2,002	831
Net cash (outflow) from investing activities	<u>(41,778)</u>	<u>(40,531)</u>
Cash flows from financing activities		
Repayment of finance leases	(1,167)	(1,126)
Dividends paid	4 (49,869)	(16,621)
Net cash outflows from financing activities	<u>(51,036)</u>	<u>(17,747)</u>
Net increase in cash and cash equivalents	113,885	61,427
Cash and cash equivalents at the beginning of the half year	236,885	91,162
Effects of exchange rate changes on cash and cash equivalents	2,314	(2,153)
Cash and cash equivalents at the end of the half year	<u><u>353,084</u></u>	<u><u>150,436</u></u>

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

New Hope Corporation Limited and Controlled Entities
Notes to the Financial Statements
for the half year ended 31 January 2018

BASIS OF PREPARATION OF HALF YEAR REPORT

This general purpose interim financial report for the half year reporting period ended 31 January 2018 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 July 2017 and any public announcements made by New Hope Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

1. FINANCIAL REPORTING SEGMENTS

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 comprising the Board, Managing Director (MD), Chief Operations Officer (COO) and Chief Financial Officer (CFO).

(a) Description of segments

The Group has three reportable segments, namely Coal mining in Queensland (including mining related exploration, development, production, processing, transportation, port operations and marketing), Coal mining in New South Wales (including mining production, processing, transportation and marketing) and Oil and gas (including oil and gas related exploration, development, production and processing).

Operating segments have been determined based on the analysis provided in the reports reviewed by the Board, MD, COO and CFO (being the CODM). The reportable segments reflect how performance is measured, and decisions regarding allocations of resources are made by the CODM.

Other immaterial coal mining and related operations that do not meet the quantitative thresholds requiring separate disclosure in AASB 8 Operating Segments have been combined with the Queensland coal mining operations. Segment information is presented on the same basis as that used for internal reporting purposes.

New Hope Corporation Limited and Controlled Entities
Notes to the Financial Statements
for the half year ended 31 January 2018

1. FINANCIAL REPORTING SEGMENTS (continued)

(b) Segment information

	Coal mining QLD \$000	Coal mining NSW \$000	Oil and gas \$000	Total \$000
Half year ended 31 January 2018				
Revenue from external customers	287,522	209,058	12,802	509,382
EBITDA	101,389	106,713	3,637	211,739
Interest expense	159	(1)	-	158
Depreciation and amortisation	(19,672)	(22,863)	(4,210)	(46,745)
Profit / (loss) before tax (before non regular items)	81,876	83,849	(573)	165,152
Non regular items before tax	-	-	-	-
Profit / (loss) before tax (after non regular items)	81,876	83,849	(573)	165,152
Less Income tax benefit / (expense)	(24,637)	(25,107)	184	(49,560)
Profit / (loss) after tax (after non regular items)	57,239	58,742	(389)	115,592
Total segment profit / (loss) before tax includes:				
Interest revenue	2,133	41	3	2,177
Reportable segment assets	1,103,826	1,096,368	116,350	2,316,544
Total segment assets includes:				
Additions to non-current assets	34,230	9,199	4,402	47,831
Half year ended 31 January 2017				
Revenue from external customers	202,450	163,346	8,824	374,620
EBITDA	53,209	76,768	219	130,196
Interest expense	(641)	-	-	(641)
Depreciation and amortisation	(26,372)	(20,152)	(3,127)	(49,651)
Profit / (loss) before tax (before non regular items)	26,196	56,616	(2,908)	79,904
Non regular items before tax	19,455	-	-	19,455
Profit / (loss) before tax (after non regular items)	45,651	56,616	(2,908)	99,359
Less Income tax benefit / (expense)	(14,893)	(16,901)	794	(31,000)
Profit / (loss) after tax (after non regular items)	30,758	39,715	(2,114)	68,359
Total segment profit / (loss) before tax includes:				
Interest revenue	717	83	6	806
Reportable segment assets	1,038,754	963,413	105,058	2,107,225
Total segment assets includes:				
Additions to non-current assets	24,577	9,824	18,576	52,977

New Hope Corporation Limited and Controlled Entities
Notes to the Financial Statements
for the half year ended 31 January 2018

		31 January 2018	31 January 2017
	Note	\$000	\$000
2. OTHER INCOME			
Profit from the half year includes the following items that are unusual because of their nature, size and incidence:			
Recovery of prior period below rail access charge	(i)	-	19,908
Insurance proceeds		-	2,000
Gain / (loss) on sale of property, plant and equipment		(115)	7
Gain / (loss) on sale of exploration assets		375	-
		260	21,915

(i) Recovery of rail charges

The prior year recovery of rail charges relates to an adjustment to Queensland Rail tariffs by the Queensland Competition Authority (QCA). The QCA issued a final decision that required a reduction in below rail access charges applicable from 1 July 2013. As such, a refund became due and payable in respect of amounts paid by New Hope from 1 July 2013 and recognised as other income.

3. INCOME TAX EXPENSE

Numerical reconciliation of income tax expense to prima facie tax payable

Profit from operations before income tax		165,152	99,359
Income tax calculated at 30% (2017: 30%)		49,546	29,808
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Impairment of available for sale financial assets		-	136
Sundry items		96	84
		49,642	30,028
Under / (over) provided prior year		(82)	972
Income tax expense		49,560	31,000

4. DIVIDENDS

Dividends provided for or paid during the half year:

Ordinary dividend paid			
100% franked at a tax rate of 30% (2017: 100% franked)		49,869	16,621

Dividends not recognised at the end of the half year

Since the end of the half year the Directors have declared an interim dividend of 6.0 cents per fully paid ordinary share (2017: 4.0 cents), fully franked on tax paid at 30%. The aggregate of the dividend expected to be paid on 1 May 2018 out of retained profits at 31 January 2018, but not recognised as a liability at the end of the half year, is \$49,869,000.

		49,869	33,243
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New Hope Corporation Limited and Controlled Entities
Notes to the Financial Statements
for the half year ended 31 January 2018

	31 January 2018 No. of shares	31 January 2018 \$000	31 July 2017 No. of shares	31 July 2017 \$000
5. CONTRIBUTED EQUITY				
(a) Share Capital				
Issued and paid up capital	831,151,552	95,905	831,070,344	95,772
(b) Movements in share capital				
Vesting of performance rights	81,208	133	19,618	80

6. FINANCIAL RISK MANAGEMENT

Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- a. Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- b. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- c. Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the group's assets measured and recognised at fair value:

2018	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Derivatives used for hedging	-	3,796	-	3,796
Available for sale financial assets				
Equity securities	1,701	-	-	1,701
Total assets	<u>1,701</u>	<u>3,796</u>	<u>-</u>	<u>5,497</u>
2017				
Assets				
Derivatives used for hedging	-	18,075	-	18,075
Available for sale financial assets				
Equity securities	1,977	-	-	1,977
Total assets	<u>1,977</u>	<u>18,075</u>	<u>-</u>	<u>20,052</u>

The fair value of financial instruments traded in active markets (such as available for sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by New Hope Corporation Limited is the last sale price.

The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

New Hope Corporation Limited and Controlled Entities
Notes to the Financial Statements
for the half year ended 31 January 2018

7. PROPERTY, PLANT AND EQUIPMENT

Impairment assessment

All property, plant and equipment must also be tested for impairment when impairment indicators are identified. Judgement is involved in assessing whether there are indicators of impairment of property, plant and equipment including in relation to the impact of events or changes in circumstances.

New Acland Stage 3 approvals

A number of uncertainties associated with the approvals timeline and conditionality of the New Acland Coal Stage 3 (NAC03) project remain at 31 January 2018. The significant delays in the approvals process have the potential to delay the commencement of NAC03 operations which has been assessed to be an indicator of impairment.

In the period since 31 July 2017, the following matters are relevant:

- The Company, through its wholly-owned subsidiary New Acland Coal Pty Ltd (New Acland), has progressed the Judicial Review process in respect to the Land Court recommendations. The Judicial Review seeks to address a number of concerns that the Company has about the Land Court process and resultant recommendations. The Judicial Review hearing commences on 19 March 2018;
- If the Company is successful in this process, the matters subject to the Judicial Review, including in respect of groundwater and night time noise concerns, may result in the Land Court changing its findings in respect of these matters and ultimately recommending grant of the Mining Lease and amended Environmental Authority (EA);
- Subsequent to half year end as outlined in Note 10, the Chief Executive of the Department of Environment and Science has made a decision to refuse the application for amendment of the EA. The Company is currently considering its options with respect to this decision.

The Company has undertaken a thorough assessment regarding impairment as required under AASB 136 for the half year ended 31 January 2018. The Company carefully considered the potential impact that recent developments in the legal and regulatory environment and the possibility of further delays in the approvals process would have on future cash flows.

The fair value discounted cash flow models prepared for the CGU have confirmed the recoverable amount exceeds the carrying value. The updated models are consistent with those prepared for the year ended 31 July 2017, other than for the following adjustments:

(i) Extensions of approvals timeline

Sensitivity analysis included adjusting the commencement of Stage 3 operations at Acland to reflect a range of possible approval scenarios. The scenarios assume that project approvals will be received in 2019 in the earliest instance, or in 2027 at the latest instance.

(ii) Coal price assumptions

Short term coal prices have improved since 31 July 2017. As a result the coal price range for assessments at 31 January 2018 is US\$75 – 120 per tonne (nominal basis). The long term pricing assumptions are in line with previous impairment assessments.

Having due regard to all relevant information, the Company has concluded that none of these matters, either individually or in aggregate, result in the recoverable amount for the CGU being below its carrying value. As a result of the impairment assessment undertaken there are no impairments required in relation to the assets of the QLD mining operations CGU as at 31 January 2018.

The interim financial statements have been prepared on the basis that approvals are granted within a reasonable time period, and as a result, there is no significant impact on the value recoverable from the project and therefore the QLD coal mining CGU at 31 January 2018. Future events, such as the outcome of the Judicial Review process, may impact upon this assumption and the recoverable value of the QLD coal mining CGU. In the event that future events have a negative impact on the recoverable value of the QLD coal mining CGU, the assets of that CGU may be subject to impairment.

New Hope Corporation Limited and Controlled Entities
Notes to the Financial Statements
for the half year ended 31 January 2018

7. PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying value of the coal mining CGU's assets is set out below:	\$000
<i>Property, plant and equipment</i>	
Land and buildings	56,769
Plant and equipment	112,247
Mine reserves, leases and development assets	6,219
Plant under construction	50,625
<i>Intangibles</i>	
Software	1,365
<i>Exploration and evaluation</i>	
Exploration and evaluation at cost	35,807
Total carrying value	263,032

The Queensland coal mining CGU has take or pay agreements for rail, port and water supply. The rail agreement is generally aligned to the recovery of Stage 2 coal while the port and water agreements are longer term. These arrangements are not of a sufficient amount to constitute a material impact on value unless approval delays extend beyond those currently foreseeable.

The QLD coal mining CGU is a customer of the Port operations CGU of the Group. As such in the event that there are circumstances which further impact the coal mining operations this may be relevant to the value of those operations and will be a factor in any future impairment considerations.

The carrying value of the Port operation CGU's assets is set out below:	\$000
<i>Property, plant and equipment</i>	
Land and buildings	1,736
Plant and equipment	84,959
Port development	12,097
Plant under construction	1,262
<i>Intangibles</i>	
Software	99
Goodwill	5,596
Total carrying value	105,749

New Hope Corporation Limited and Controlled Entities
Notes to the Financial Statements
for the half year ended 31 January 2018

8. ASSET ACQUISITION - LENTON JOINT VENTURE BURTON MINE

During the half year ended 31 January 2018, the Lenton Joint Venture, of which the Company is a 90% participant acquired four mining tenements and the associated infrastructure from Peabody. The tenements adjoin the New Lenton Project.

The acquisition resulted in a cash outflow of \$13,800,000 plus the assumption of an associated rehabilitation liability of \$43,900,000 for the acquisition of property, plant and equipment, intangible and exploration assets.

	31 January	31 July
	2018	2017
	\$000	\$000

9. CONTINGENT LIABILITIES

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

The bankers of the consolidated entity have issued undertakings and guarantees to the Department of Natural Resources and Mines, Statutory Power Authorities and various other entities.	13,235	15,670
The bankers of the consolidated entity have issued undertakings and guarantees in relation to stages 1 of the Wiggins Island Coal Export Terminal expansion project and expansion of rail facilities.	12,194	12,194
The Company's share of security provided by the bankers of the Bengalla Joint Venture in respect of bank guarantees provided to rail and port suppliers.	6,391	6,786

No losses are anticipated in respect of any of the above contingent liabilities.

Lines of credit

Unrestricted access was available at balance date to the following lines of credit:

Guarantee facility - available	185,000	140,000
Guarantee facility - utilised	162,598	139,225
Unused at balance date	22,402	775

The parent entity has given unsecured guarantees in respect of:

(i) Mining restoration and rehabilitation	137,169	111,360
The liability has been recognised by the Group in relation to its rehabilitation obligations.		
(ii) Statutory body suppliers	31,820	34,651

No liability was recognised by the consolidated entity in relation to these guarantees as no losses are foreseen on these contingent liabilities.

10. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 14 February 2018, the Chief Executive of the Department of Environment and Science refused the application by New Acland for an amended EA for the NAC03 project. Note 7 has detailed the relevant considerations of this subsequent event on the interim financial statements.

New Hope Corporation Limited and Controlled Entities

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 January 2018 and of its performance for the half year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

R.D. Millner
Director

Sydney
19 March 2018

Independent Auditor's Review Report to the members of New Hope Corporation Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of New Hope Corporation Limited (the company), which comprises the consolidated balance sheet as at 31 January 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration. The consolidated entity comprises the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 19.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 January 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of New Hope Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of New Hope Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 January 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

Richard Wanstall
Partner
Chartered Accountants
Brisbane
19 March 2018