

For personal use only



# New Hope Corporation Limited

A.B.N. 38 010 653 844

## APPENDIX 4D & INTERIM REPORT 31 JANUARY 2014

<b>Contents</b>	<b>Page</b>
Results for announcement to the market	1
Directors' Report	2
Consolidated Statement of Comprehensive Income	8
Consolidated Balance Sheet	9
Consolidated Statement of Changes in Equity	10
Consolidated Cash Flow Statement	11
Notes to the Financial Statements	12
Directors' Declaration	17
Independent Auditor's Review Report to the members	18

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 2013 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.

**ASX Appendix 4D**  
**for the half-year ended 31 January 2014**

**Results for announcement to the market**

	<b>31 January 2014 \$000</b>	31 January 2013 \$000	% Change
Revenue from ordinary activities	<b>284,909</b>	322,890	- 11.8%
Profit before income tax	<b>34,650</b>	93,200	- 62.8%
Profit from ordinary activities after income tax attributable to New Hope Shareholders	<b>22,663</b>	68,795	- 67.1%
Net Profit attributable to New Hope shareholders (after non recurring items)	<b>22,663</b>	68,795	- 67.1%

	<b>31 January 2014 cents per share</b>	31 January 2013 cents per share	% Change
Earnings per share	<b>2.7</b>	8.3	- 67.1%
Interim dividend declared	<b>6.00</b>	6.00	+ 0.0%

	<b>31 January 2014 cents per share</b>	31 January 2013 cents per share	% Change
Net tangible asset backing per ordinary share	<b>233.9</b>	250.6	- 6.6%

**Dividends**

The Directors' have declared a dividend of 6.0 cents per share franked to 100% payable on 6 May 2014. The record date for the payment of the dividend is 17 April 2014. There is no dividend reinvestment plan in operation.

For personal use only

# New Hope Corporation Limited and Controlled Entities

## Directors Report - 31 January 2014

Your directors present their report on the consolidated entity consisting of New Hope Corporation Limited and the entities it controlled at the end of, or during, the half-year ended 31 January 2014.

### 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 D.J. Fairfull  
Mr P.R. Robinson  
Mr W.H. Grant  
Mr I.M. Williams  
Mrs S.J. Palmer  
Mr R.C. Neale (ceased to be a director on 31 January 2014)

### Review of Operations

New Hope Corporation Limited (New Hope) recorded a net profit after tax for the six months ending 31 January 2014 of \$22.7 million. This compares to a net profit after tax of \$68.8 million in the previous corresponding period.

Coal mining and logistics operations contributed \$7.3 million to the after tax result (2013: \$45.2 million), while treasury and investments contributed \$15.4 million (2013: \$23.6 million).

Basic earnings per share for the six months ended 31 January 2014 were 2.7 cents compared to 8.3 cents earned in the previous corresponding period.

Directors have declared a fully franked interim dividend of 6.0 cents per share (2013: 6.0 cents per share) to be paid on 6 May 2014 to shareholders registered as at 17 April 2014.

The operating result for the first six months of the 2014 financial year was adversely impacted by:

- significantly lower export thermal coal prices;
- a relatively high AUD:USD exchange rate;
- closure of the New Oakleigh mine; and
- increasing pressure on offsite transportation costs.

In response to these market forces, management have continued to reduce costs and investigate opportunities for operational efficiencies to preserve margins. To date this program has delivered a significant reduction in operating costs at all sites, with further initiatives currently in the planning or implementation phase.

### MINING OPERATIONS

2.70 million tonnes of clean coal were produced during the six months ended 31 January 2014. This was 11.3% lower than the previous corresponding period due to the closure of the New Oakleigh mine, and revision of mine plans at both Acland and Jeebropilly.

Export sales for the six months to 31 January 2014 were 3.01 million tonnes, including traded coal sales of 0.17 million tonnes. This is up 9.9% on the previous corresponding period. One third of the exported coal sales are premium low ash coal with pricing based on the JFY annual price. The balance of export sales is higher ash coal sold on a variety of pricing mechanisms based on various coal price indices.

# New Hope Corporation Limited and Controlled Entities

## Directors Report - 31 January 2014

### **New Acland Mine**

The Acland operation continues to deliver exceptional productivities with 2.33 million tonnes of coal produced during the first six months. Total production was down 3.0% on the corresponding period due mostly to additional plant maintenance in November 2013 and mine closure over the Christmas period.

During the period the management of the Acland operations has focused on:

- deploying behavioural safety program to all employees;
- gaining productivity improvements across key processes;
- cost reduction initiatives in conjunction with key suppliers;
- community engagement in support of the continuation plan, Jondaryan rail siding and current operations;
- design and construction of the next in-pit tailings cell;
- ongoing rehabilitation of mined areas; and
- growth of the pastoral and grazing operations.

### **West Moreton Operations**

The Jeebropilly operation produced 0.37 million tonnes of coal during the period. This represents a 42% reduction over the prior corresponding period mainly due to the cessation of mining operations at New Oakleigh and the change of rosters at Jeebropilly.

Rehabilitation works are progressing well at both the New Oakleigh and Chuwar sites. Topsoiling and seeding of approximately eight hectares of rehabilitated land is currently being undertaken at New Oakleigh.

Key activities at the West Moreton operations over the last six months include:

- a continued focus on safety through behavioural and cultural change;
- rehabilitation works at New Oakleigh and Chuwar; and
- continued focus on productivity improvements and cost reduction programs.

### **QUEENSLAND BULK HANDLING (QBH)**

During the first six months of the financial year, 4.2 million tonnes of coal was exported through the QBH coal terminal at the Port of Brisbane (2013: 4.2 million tonnes).

Key activities included:

- continued focus on safety;
- effected programs to reduce costs;
- upgrading of the train unloader and related systems; and
- ongoing engineering studies relating to developing expansion opportunities.

### **NEW HOPE EXPLORATION**

9,102 meters were drilled during the six months to January 2014, compared to 14,855 meters in the previous corresponding period.

Details of the 2014 exploration program are as follows:

#### **Lenton (EPC 766, EPC 865 and ML 70337)**

The 2014 drilling program aimed at a ground water study in and around the potential open cut area has been completed with 821 meters being drilled during the period.

Cultural heritage surveys have cleared all drill sites ahead of the 2015 program. A 3D seismic study was undertaken on part of the project area and these results are being incorporated into the 2014 geological model.

# New Hope Corporation Limited and Controlled Entities

## Directors Report - 31 January 2014

### **New Acland (MDL 244, ML 50216)**

Drilling activity this quarter focussed on seam delineation and confirming geology in future mining areas. 5,047 meters was drilled during this period.

Cultural heritage surveys were undertaken ahead of the 2014 drilling program.

### **Maryborough (EPC 923, 1082)**

Exploration site rehabilitation was completed. The geological database upgrade continued with incorporation of the information from the 2011 to 2013 field programs.

### **Yamala (EPC 927, EPC 1169)**

The remaining 22 holes of the 30 hole exploration program were drilled. All holes drilled have been surveyed and rehabilitated. 2,722 meters were drilled during this period. Analysis of coal core samples recovered from the drilling program has commenced with the final analysis to be incorporated into the 2014 geological model.

### **Churchyard Creek (EPC 1876)**

No drilling was performed in the six months to January with work focussing on geological modelling of the results from previous drill programs.

### **Bee Creek (EPC 777)**

No drilling was performed in the six months to January with work focussing on geological modelling of the results from previous drill programs and incorporating the data into the 2014 geological model.

### **Ashford (EL6234)**

The geological database for the project was updated with information from the field program. All drill sites from last drill program were rehabilitated.

### **Mineral Tenures**

The company has been granted three new exploration permits in North West Queensland. The company now holds seven Exploration Permit Mineral (EPM) tenures. Landowner negotiations have been completed for five of these tenements to allow access for exploration.

Exploration drilling tested targets on EPM18592 (Sherwood) and EPM18582 (Yanko). 818 meters of drilling was completed during this period. No visible mineralisation was observed and the core samples were dispatched for analysis.

A structural study was commenced on EPM17589 (Moonamarra) to refine drilling targets.

# New Hope Corporation Limited and Controlled Entities

## Directors Report - 31 January 2014

### PASTORAL OPERATIONS

Acland Pastoral Co. manages the group's land holdings on the Darling Downs. This integral part of the operations ensures that the group's substantial land holdings are well managed both before and after mining. Operations focus on cattle grazing with some cropping undertaken on land where conditions allow.

During the half-year operations were impacted by a period of low rainfall and cattle pricing was negatively impacted by the drought in Western Queensland. During the period 516 tonnes of grain were harvested with 444 tonnes being sold. Also, 865 head of cattle were sold by the company with 822 head purchased. At the end of the half-year the company held 2,425 head of cattle.

The company actively participates in the rehabilitation of previously mined land. Long term cattle grazing trials on rehabilitated land continue under the supervision of independent agricultural experts. During 2014 stage 2 of these trials are being undertaken. These trials focus not only on weight gain of cattle but also soil and plant chemistry.

Acland Pastoral's operations provide employment for three full time staff, one part time administration role and offer a rural school based traineeship. In addition to these roles Acland Pastoral engages the services of numerous contractors to assist with cattle handling, cropping and fencing. This equates to 4 full time equivalents shared between ten local individuals.

### DEVELOPMENT PROJECTS

New Hope continued to progress various development projects during the period, although current market conditions have led to the rescheduling of some project timelines.

#### New Acland Continuation Plan

The Environmental Impact Statement (EIS) for MLA 50232 was completed and submitted to the Office of the Coordinator-General. The public comments period on the EIS has commenced with final submissions closing on 3 March 2014.

The company remains committed to delivering our employees, shareholders and other stakeholders certainty in respect of the long term future for the Acland operations in an environmentally and socially acceptable manner. The revised Continuation Plan is based on achieving a sensible balance between the competing land uses of agriculture and mining.

#### Lenton

Baseline studies for the Environmental Impact Statement continued during the period and the Draft Terms of Reference and Initial Advice Statement were lodged with the Department of Environment and Heritage Protection in December 2013. Options for the transport and export of product coal continue to be investigated.

#### Colton

Routine field monitoring of air quality, surface and river water continued. Work progressed on the Environmental Management Plan update. Discussions continued with the Department of Environment and Heritage Protection about the Environmental Authority that will govern environmental conditions for the project when approved by the Government.

#### Elimatta

Comments on the Project's Environmental Impact Statement received from the public review process were collated and work commenced on responses to the submissions and the Supplementary Environmental Impact Statement.

### CARBON CONVERSION PROJECTS

Coal to Liquids (CTL) projects have continued on both the direct and indirect liquefaction technologies.

Construction of the Jeebropilly indirect liquefaction proof of concept plant is continuing with initial gas commissioning having commenced in late 2013. Once commissioned it is intended to initially utilise gas produced for electricity generation. The design and installation of the liquefaction module is progressing.

# New Hope Corporation Limited and Controlled Entities

## Directors Report - 31 January 2014

### BRIDGEPORT ENERGY

Operations continue to deliver good safety performance with no safety incidents during the period. Oil production totalled 89,620 barrels, including Bridgeport's 15% interest in the Cuisinier oil field.

Operational activities included:

- three wells were drilled in the Utopia field with successful intersections that have been cased and suspended for future production;
- one well was drilled in the Inland field with successful intersection that has been cased and completed for future production; and
- Moothandella 4 and Donga 5 appraisal wells were drilled with successful intersections encountered. Completion and testing is scheduled for March 2014.

Completion of the acquisition of ATP752 and PL303 occurred on 18 December 2013.

### OUTLOOK

Weak coal markets, with continuing global over supply of thermal coal, will have a negative impact on revenues and margins in the second half of the 2014 financial year. The company continues to implement a number of cost reduction initiatives and will continue to pursue responsible cost reductions across the business.

Coal sales for the full year are expected to be in the range of 5.7 to 6.1 million tonnes, including traded coal.

QBH throughput for the full year is expected to be lower than 2013, at approximately 7.8 million tonnes, largely due to the closure of Peabody's Wilkie Creek Mine.

Bridgeport will continue its current growth path through both organic expansion and by taking advantage of appropriate acquisition opportunities.

Timing of coal development projects is continually being assessed with regard to prevailing market conditions and the progression of approvals. The current downturn may provide further acquisition opportunities which may be prioritised ahead of existing development projects in the economic climate.

The company will continue to maintain its strong reputation as a reliable supplier to its customers. In the long term, high quality Australian export coals will continue to expand their export volumes into Asia.

Although the current difficult times present challenges to our operations, the company is in a strong financial position to take advantage of opportunities which may arise during the current downturn.

Signed in Sydney this 24th day of March 2014  
in accordance with a resolution of directors.

R.D. Millner  
Director

S.J. Palmer  
Director



## Auditor's Independence Declaration

As lead auditor for the review of New Hope Corporation Limited for the half-year ended 31 January 2014, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of New Hope Corporation Limited and the entities it controlled during the period.

Simon Neill  
Partner  
PricewaterhouseCoopers

Brisbane  
24 March 2014

---

**PricewaterhouseCoopers, ABN 52 780 433 757**  
*Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001*  
*T: +61 7 3257 5000, F: +61 7 3257 5999, [www.pwc.com.au](http://www.pwc.com.au)*

Liability limited by a scheme approved under Professional Standards Legislation.



New Hope Corporation Limited and Controlled Entities

Consolidated Statement of Comprehensive Income  
for the half-year ended 31 January 2014

	Note	31 January 2014 \$000	31 January 2013 \$000
Revenue from continuing operations		284,909	322,890
Other income	4	-	4,109
		<u>284,909</u>	<u>326,999</u>
<b>Expenses</b>			
Cost of sales		(173,673)	(151,666)
Marketing and transportation		(67,955)	(65,721)
Administration		(6,556)	(9,536)
Other expenses	5	(2,075)	(6,490)
Share of net profit / (loss) of associates		-	(386)
		<u>-</u>	<u>(386)</u>
<b>Profit before income tax</b>		<b>34,650</b>	<b>93,200</b>
Petroleum resources rent tax expense	6	(1,020)	-
Income tax expense	6	(10,967)	(24,405)
		<u>(10,967)</u>	<u>(24,405)</u>
<b>Profit after income tax</b>		<b>22,663</b>	<b>68,795</b>
Profit attributable to:			
New Hope Shareholders		22,664	68,795
Non-controlling interests		(1)	-
		<u>(1)</u>	<u>-</u>
		<u>22,663</u>	<u>68,795</u>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit and loss:			
Changes to the fair value of cash flow hedges, net of tax		73	(3,815)
Transfer to profit and loss - cash flow hedges, net of tax		8,838	(3,270)
Changes to the fair value of available for sale financial assets, net of tax		3,682	(1,394)
Other comprehensive income for the half-year, net of tax		12,593	(8,479)
		<u>12,593</u>	<u>(8,479)</u>
<b>Total comprehensive income</b>		<b>35,256</b>	<b>60,316</b>
Total comprehensive income attributable to:			
New Hope Shareholders		35,257	60,316
Non-controlling interests		(1)	-
		<u>(1)</u>	<u>-</u>
		<u>35,256</u>	<u>60,316</u>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company</b>		<b>cents per share</b>	<b>cents per share</b>
Basic earnings per share		2.7	8.3
Diluted earnings per share		2.7	8.3

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 2014

	Note	31 January 2014 \$000	31 July 2013 \$000
<b>Current assets</b>			
Cash and cash equivalents		54,972	21,564
Trade and other receivables		34,403	57,905
Inventories		55,025	58,673
Held to maturity investments		1,083,567	1,229,608
Current tax assets		9,267	-
Other		609	614
Total current assets		<u>1,237,844</u>	<u>1,368,364</u>
<b>Non current assets</b>			
Trade and other receivables		2,741	2,775
Available for sale financial assets		43,194	30,215
Property, plant and equipment		793,384	764,037
Exploration and evaluation assets	7	96,900	77,210
Intangible assets		25,414	25,963
Total non current assets		<u>961,633</u>	<u>900,200</u>
<b>Total assets</b>		<u><b>2,199,477</b></u>	<u><b>2,268,564</b></u>
<b>Current liabilities</b>			
Trade and other payables		43,921	46,758
Derivative financial instruments		25,748	29,721
Current tax liabilities		-	18,924
Provisions		29,967	32,148
Total current liabilities		<u>99,636</u>	<u>127,551</u>
<b>Non current liabilities</b>			
Derivative financial instruments		2,951	11,707
Deferred tax liabilities		81,790	67,733
Provisions		45,804	45,117
Total non current liabilities		<u>130,545</u>	<u>124,557</u>
<b>Total liabilities</b>		<u><b>230,181</b></u>	<u><b>252,108</b></u>
<b>Net assets</b>		<u><b>1,969,296</b></u>	<u><b>2,016,456</b></u>
<b>Equity</b>			
Contributed equity	8	95,119	93,342
Reserves		7,381	(3,988)
Retained profits		1,865,359	1,925,767
Capital and reserves attributable to New Hope Shareholders		<u>1,967,859</u>	<u>2,015,121</u>
Non-controlling Interests		1,437	1,335
<b>Total equity</b>		<u><b>1,969,296</b></u>	<u><b>2,016,456</b></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 2014

	Contributed Equity \$000	Reserves \$000	Retained Earnings \$000	Non-controlling Interests \$000	Total \$000
<b>Balance as at 1 August 2012</b>	<b>92,509</b>	<b>50,570</b>	<b>2,109,104</b>	<b>733</b>	<b>2,252,916</b>
Profit for the year	-	-	68,795	-	68,795
Other comprehensive income	-	(8,479)	-	-	(8,479)
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>(8,479)</b>	<b>68,795</b>	<b>-</b>	<b>60,316</b>
<b>Transactions with owners in their capacity as owners</b>					
Transfer from share based payment reserve to equity	833	(833)	-	-	-
Dividends provided for or paid	-	-	(41,526)	-	(41,526)
Special dividend provided for or paid	-	-	(166,106)	-	(166,106)
Net movement in share based payments reserve	-	524	-	-	524
Share of non-controlling interests	-	-	-	282	282
<b>Balance as at 31 January 2013</b>	<b>93,342</b>	<b>41,782</b>	<b>1,970,267</b>	<b>1,015</b>	<b>2,106,406</b>
<b>Balance as at 1 August 2013</b>	<b>93,342</b>	<b>(3,988)</b>	<b>1,925,767</b>	<b>1,335</b>	<b>2,016,456</b>
Profit for the year	-	-	22,664	(1)	22,663
Other comprehensive income	-	12,593	-	-	12,593
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>12,593</b>	<b>22,664</b>	<b>(1)</b>	<b>35,256</b>
<b>Transactions with owners in their capacity as owners</b>					
Transfer from share based payment reserve to equity	1,777	(1,777)	-	-	-
Dividends provided for or paid	-	-	(41,536)	-	(41,536)
Special dividend provided for or paid	-	-	(41,536)	-	(41,536)
Net movement in share based payments reserve	-	553	-	-	553
Share of non-controlling interests	-	-	-	103	103
<b>Balance as at 31 January 2014</b>	<b>95,119</b>	<b>7,381</b>	<b>1,865,359</b>	<b>1,437</b>	<b>1,969,296</b>

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 2014**

	<b>31 January 2014 \$000</b>	<b>31 January 2013 \$000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers inclusive of GST	281,228	281,901
Payments to suppliers and employees inclusive of GST	<u>(213,119)</u>	<u>(221,370)</u>
	68,109	60,531
Income taxes paid	<u>(29,939)</u>	<u>(21,917)</u>
<b>Net cash inflow / (outflow) from operating activities</b>	<u><b>38,170</b></u>	<u><b>38,614</b></u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(60,806)	(38,512)
Payment for exploration and evaluation activities	(20,230)	(11,779)
Proceeds from other assets	5	7
Payments for investment in subsidiary, less net cash acquired	-	(44,260)
Payments for investments in available for sale financial assets	(9,298)	-
Payments for investments in associates	-	(731)
Proceeds from / (payments for) held to maturity investments	145,500	173,014
Proceeds from sale of property, plant and equipment	140	204
Interest received on held to maturity investments	22,664	32,698
<b>Net cash inflow / (outflow) from investing activities</b>	<u><b>77,975</b></u>	<u><b>110,641</b></u>
<b>Cash flows from financing activities</b>		
Payment for borrowings	-	(63)
Joint Venture partner contributions	100	280
Dividends paid	<u>(83,071)</u>	<u>(207,632)</u>
<b>Net cash inflow / (outflow) from financing activities</b>	<u><b>(82,971)</b></u>	<u><b>(207,415)</b></u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>33,174</b>	<b>(58,160)</b>
Cash and cash equivalents at the beginning of the half-year	21,564	70,990
Effects of exchange rate changes on cash and cash equivalents	234	481
<b>Cash and cash equivalents at the end of the half-year</b>	<u><b>54,972</b></u>	<u><b>13,311</b></u>

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

For personal use only

# New Hope Corporation Limited and Controlled Entities

## Notes to the Financial Statements for the half-year ended 31 January 2014

### 1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose interim financial report for the half-year reporting period ended 31 January 2014 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 2013 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, except as set out below. Comparative information has been reclassified where appropriate to enhance comparability.

New Hope Corporation Limited had to change some of its accounting policies as the result of new or revised accounting standards which became effective for the annual reporting period commencing on 1 July 2013. The affected policies and standards are principles of consolidation – new standards AASB 10 *Consolidated Financial Statements* and AASB 11 *Joint Arrangements*.

Principles of consolidation – subsidiaries and joint arrangements AASB 10 was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements* and in Interpretation 112 *Consolidation – Special Purpose Entities*. Under the new principles, the group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The group has reviewed its investments in other entities to assess whether the consolidation conclusion in relation to these entities is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. New Hope Corporation Limited has assessed the nature of its joint arrangements and determined that it only has joint operations. The accounting for the group's joint operations has not changed as a result of the adoption of AASB 11. The group continues to recognise its direct right to the, and its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings.

New Hope Corporation Limited has also adopted AASB Interpretation 20 (IFRIC 20), *Stripping Costs in the Production Phase of a Surface Mine*, which became effective for annual reporting periods beginning on or after 1 January 2013. IFRIC 20 outlines accounting for overburden waste removal costs or production stripping costs during the production phase of a mine. The group has reviewed its accounting procedures for overburden waste and no changes have occurred as a result of adoption of IFRIC 20.

In assessing the implications of the adoption of IFRIC 20 New Hope Corporation Limited has considered the nature of its mining operations and determined that the stripping ratio for the components of its operations do not meet the recognition criteria of a deferred stripping asset through an opening balance or half-year movement. Further, it is anticipated that the operations will maintain a consistent stripping ratio at the component level and as such no overburden in advance should be recognised. Notwithstanding this expectation, in the event that a stripping campaign is undertaken in the future a deferred stripping asset will be recognised at that time and amortised in accordance with the requirements of IFRIC 20. An asset will be recognised for stripping activity where the following criteria are met:

- it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;
- the entity can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component can be measured reliably.

Stripping activity assets capitalised under IFRIC 20 will be classified as mineral properties and mine development costs within property, plant and equipment, which is consistent with the classification of the asset these costs relate to. These assets will then be amortised on a units-of-production basis over the remaining proven and probable reserves of the respective components.

Other new standards that are applicable for the first time for half-year reporting include AASB 13 *Fair Value Measurement* and AASB 119 *Employee Benefits*. AASB 13 has introduced new disclosures for the interim report but did not affect the entity's accounting policies or any of the amounts recognised in the financial statements. The revised standard AASB 119 *Employee Benefits* has also changed the accounting for the group's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. This did change the measurement of these obligations, as the obligations are now measured on a discounted basis. However, the impact of this change was immaterial.

# New Hope Corporation Limited and Controlled Entities

## Notes to the Financial Statements for the half-year ended 31 January 2014

### 2. 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 at 31 January 2014 and 31 July 2013.

2014	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Assets</b>				
Available for sale financial assets				
Equity securities	43,194	-	-	43,194
<b>Total assets</b>	<b>43,194</b>	<b>-</b>	<b>-</b>	<b>43,194</b>
<b>Liabilities</b>				
Derivatives used for hedging	-	28,699	-	28,699
<b>Total liabilities</b>	<b>-</b>	<b>28,699</b>	<b>-</b>	<b>28,699</b>
2013	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Assets</b>				
Available for sale financial assets				
Equity securities	30,215	-	-	30,215
<b>Total assets</b>	<b>30,215</b>	<b>-</b>	<b>-</b>	<b>30,215</b>
<b>Liabilities</b>				
Derivatives used for hedging	-	41,428	-	41,428
<b>Total liabilities</b>	<b>-</b>	<b>41,428</b>	<b>-</b>	<b>41,428</b>

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.

The carrying value of trade receivables less impairment provisions, trade and other payables and held to maturity investments are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to New Hope Corporation Limited for similar financial instruments.

**New Hope Corporation Limited and Controlled Entities**

**Notes to the Financial Statements  
for the half-year ended 31 January 2014**

	31 January 2014 \$000	31 January 2013 \$000
<b>3. DIVIDENDS</b>		
Dividends provided for or paid during the half-year		
Ordinary dividend paid 100% franked at a tax rate of 30% (2013: 100% franked)	41,536	41,526
Special dividend paid 100% franked at a tax rate of 30% (2013: 100% franked)	41,536	166,106
	83,072	207,632
Dividends listed above were actually paid to shareholders during the reporting period.		
<b>Dividends not recognised at the end of the half-year</b>		
Since the end of the half-year the Directors have declared an interim dividend of 6.0 cents per fully paid ordinary share (2013: 6.00 cents), fully franked on tax paid at 30%. The aggregate of the dividend expected to be paid on 6 May 2014 out of retained profits at 31 January 2014, but not recognised as a liability at the end of the half-year, is \$49,856,000.		
	49,856	49,834
<b>4. OTHER INCOME</b>		
Profit from the half-year includes the following items that are unusual because of their nature, size and incidence:		
Gain on Bridgeport previously held interest	-	4,109
	-	4,109
<b>5. OTHER EXPENSES</b>		
Profit from the half-year includes the following items that are unusual because of their nature, size and incidence:		
Other expenses include the following items:		
Impairment of asset	540	-
	540	-
<b>6. INCOME TAX EXPENSE</b>		
<b>Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit from continuing operations before income tax	34,650	93,200
Income tax calculated at 30% (2013: 30%)	10,395	27,960
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Gain on previously held interest	-	(1,233)
Non-deductible expenses	20	960
Sundry items	(34)	(235)
	10,381	27,452
Under / (over) provided prior year	586	(3,047)
Petroleum Resource Rent Tax	1,020	-
Income tax expense	11,987	24,405

## New Hope Corporation Limited and Controlled Entities

### Notes to the Financial Statements for the half-year ended 31 January 2014

	31 January 2014 \$000	31 July 2013 \$000
<b>7. NON-CURRENT ASSETS - EXPLORATION AND EVALUATION</b>		
Exploration and evaluation at cost	96,900	77,210
<b>Reconciliation</b>		
Carrying amount at beginning of year	77,210	39,228
Additions	20,230	21,175
Additions on acquisition of subsidiary	-	16,807
Impairment of asset	(540)	-
Carrying amount at end of year	96,900	77,210

	31 January 2014 No. of shares	31 January 2014 \$000	31 July 2013 No. of shares	31 July 2013 \$000
<b>8. CONTRIBUTED EQUITY</b>				
<b>(a) Share Capital</b>				
Issued and paid up capital	830,933,112	95,119	830,563,352	93,342
<b>(b) Movements in share capital</b>				
Vesting of performance rights	369,760	1,777	151,818	833

	31 January 2014 \$000	31 July 2013 \$000
<b>9. CONTINGENT LIABILITIES</b>		

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.

	14,832	14,822
--	--------	--------

The bankers of the consolidated entity have issued undertakings and guarantees in relation to stages 1 and 2 of the Wiggins Island Coal Export Terminal expansion project and expansion of rail facilities.

	10,049	10,049
--	--------	--------

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



# New Hope Corporation Limited and Controlled Entities

## Notes to the Financial Statements for the half-year ended 31 January 2014

### 10. FINANCIAL REPORTING SEGMENTS

#### (a) Description of segments

New Hope Corporation Limited has three reportable segments, namely mining operations (including exploration, development, production and processing), marketing and logistics (associated transport infrastructure and ancillary activities) and treasury and investments (including cash, held to maturity investments and available for sale financial assets).

Operating segments have been determined based on the analysis provided in the reports reviewed by the Board, CEO, COO and CFO (being the Chief Operating Decision Maker, "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 current mining operations.

Segment information is presented on the same basis as that used for internal reporting purposes. Sales between segments are carried out at arm's length and are eliminated on consolidation.

#### (b) Segment information

	Mining Operations \$000	Marketing & Logistics \$000	Treasury & Investments \$000	Total \$000
<b>Half-year ended 31 January 2014</b>				
Total segment revenue	129,208	241,397	22,169	392,774
Inter-segment revenue	(107,865)	-	-	(107,865)
Total segment revenue - external customers	21,343	241,397	22,169	284,909
Reportable segment profit before income tax	(10,744)	23,421	21,973	34,650
Reportable segment assets	850,738	167,006	1,181,733	2,199,477
<b>Half-year ended 31 January 2013</b>				
Total segment revenue	186,310	273,328	33,695	493,333
Inter-segment revenue	(170,443)	-	-	(170,443)
Total segment revenue - external customers	15,867	273,328	33,695	322,890
Reportable segment profit before income tax	41,098	18,402	33,700	93,200
Reportable segment assets	707,612	242,391	1,373,948	2,323,951

# 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 16 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 2014 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

S.J. Palmer  
Director

Sydney  
24 March 2014



## **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 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for New Hope Corporation (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

#### *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 (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian 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 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 2014 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.

#### *Independence*

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

---

**PricewaterhouseCoopers, ABN 52 780 433 757**

Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001

T: +61 7 3257 5000, F: +61 7 3257 5999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.



**Independent Auditor's Review Report to the members of  
New Hope Corporation Limited  
(continued)**

*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 2014 and of its performance for the half-year ended on that date;
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

PricewaterhouseCoopers

Simon Neill  
Partner

Brisbane  
24 March 2014