



New Hope Corporation Limited

A.B.N. 38 010 653 844

APPENDIX 4D & INTERIM REPORT 31 JANUARY 2015

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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 2014 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 2015

Results for announcement to the market

	31 January 2015 \$000	31 January 2014 \$000	% Change
Revenue from ordinary activities	269,078	284,909	- 5.6%
Operating profit / (loss) before income tax and non regular items	45,616	34,650	+ 31.6%
Operating profit / (loss) before income tax	(26,404)	34,650	- 176.2%
Profit after income tax before non regular items	34,220	22,663	+ 51.0%
Profit / (loss) after income tax and non regular items	(23,139)	22,663	- 202.1%
Profit / (loss) after income tax and non regular items attributable to New Hope shareholders	(23,138)	22,664	- 202.1%

	31 January 2015 cents per share	31 January 2014 cents per share
Net tangible asset backing per ordinary share	223.9	233.9

	31 January 2015 cents per share
Interim dividend declared - 100% franked (Record date: 21 April 2015)	4.00

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

- Strong production and sales tonnages for the period;
- 51% increase in net profit after tax before non regular items;
- 70% increase in operating cashflows for the period, equating to \$26.6 million;
- Conditional approval of the Acland Continuation Plan was granted by the Queensland Coordinator-General during the period;
- Continued cost reduction and efficiency gains during the period particularly in relation to the mining operations;
- Trial and acquisition of the Wirtgen surface miner for inclusion in the fleet at New Acland;
- Opening of Under Pass Pit at Jeebropilly with first coal being extracted in February 2015;
- Acquisition of 51% of the North Surat Joint Venture including land, mine reserve and exploration assets during the period and the remaining 49% subsequent to 31 January 2015 providing full control of the assets at a total cost of \$51 million.

New Hope Corporation Limited and Controlled Entities

Directors Report - 31 January 2015

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, unless otherwise noted.

Mr R.D. Millner
 Mr D.J. Fairfull
 Mr P.R. Robinson
 Mr W.H. Grant
 Mr I.M. Williams
 Ms S.J. Palmer
 Mr S.O. Stephan (appointed 20 November 2014)

	Note	Jan 2015 \$000	Jan 2014 \$000	% Change
Consolidated results				
Revenue from operations		269,078	284,909	- 5.6%
Profit before income tax (before non regular items) *		45,616	34,650	+ 31.6%
Gain on disposal of Dart Energy Limited shares	4	1,151	-	
Impairment of oil producing and exploration assets	5	(51,456)	-	
Impairment of goodwill	5	(4,157)	-	
Impairment of available for sale investments	5	(17,558)	-	
Profit / (loss) before income tax (after non regular items)		<u>(26,404)</u>	<u>34,650</u>	- 176.2%
Profit from ordinary activities after income tax (before non regular items) *		34,220	22,663	+ 51.0%
Gain on disposal of Dart Energy Limited shares	4	1,151	-	
Impairment of oil producing and exploration assets	5	(36,795)	-	
Impairment of goodwill	5	(4,157)	-	
Impairment of available for sale investments	5	(17,558)	-	
Profit / (loss) from ordinary activities after income tax (after non regular items)		<u>(23,139)</u>	<u>22,663</u>	- 202.1%
Non-controlling interests		1	1	
Profit / (loss) attributable to New Hope Shareholders		<u>(23,138)</u>	<u>22,664</u>	
		Jan 2015	Jan 2014	%
Basic earnings per share (cents) (before non regular items) *		4.1	2.7	+ 51.9%
Gain on disposal of Dart Energy Limited shares	4	0.1	-	
Impairment of oil producing and exploration assets	5	(4.4)	-	
Impairment of goodwill	5	(0.5)	-	
Impairment of available for sale investments	5	(2.1)	-	
Basic earnings per share (cents) (after non regular items)		<u>(2.8)</u>	<u>2.7</u>	- 203.7%

* 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 2015

Review of Operations

New Hope Corporation Limited (New Hope) recorded a net profit after tax and before non regular items of \$34.2 million (comprising \$19.1 million from coal mining, marketing and logistics operations, \$15.2 million from treasury and investments, and a net loss of \$0.1 million from oil and gas operations). This represents an increase of 51% above the \$22.7 million recorded in the six months to January 2014.

The result for the period included non regular impairments of \$58.5 million (after tax) against the carrying value of certain assets in the group's oil and gas investment portfolio and a non regular gain on the disposal of Dart Energy shares of \$1.2 million.

After the non regular items noted above, New Hope recorded a net loss after tax and non regular items for the six months ended 31 January 2015 of \$23.1 million compared to a net profit after tax of \$22.7 million in the prior corresponding period.

Before non regular items basic earnings per share for the six months ended 31 January 2015 were 4.1 cents compared to 2.7 cents earned in the previous corresponding period.

Directors have declared a fully franked interim dividend of 4.0 cents per share (2014: 6.0 cents per share) to be paid on 5 May 2015 to shareholders registered as at 21 April 2015.

The operating result before non regular items for the first six months of the 2015 financial year was positively impacted by:

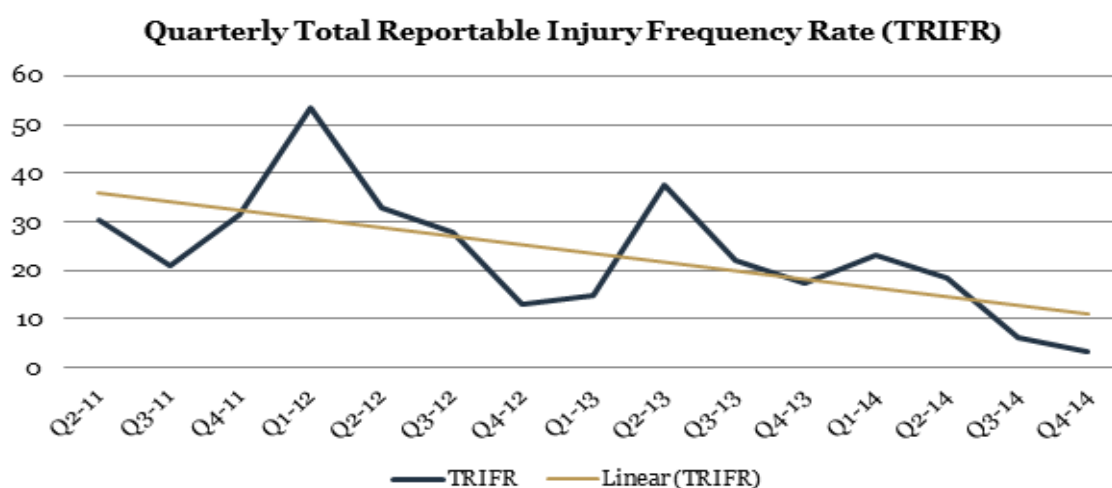
- strong sales and production volumes;
- an easing in AUD exchange rates;
- ongoing sustainable reductions to Free on Rail (FOR) costs of 15% compared to the first six months of 2014; and
- increased oil production;

offset by:

- continuing weakness in export coal prices; and
- significant adverse movements in the oil price.

SAFETY PERFORMANCE

New Hope remains focused on delivering safe production across all operations. A group wide commitment to the "i-Safe/we-Safe" behavioural safety program continues to deliver improving safety metrics as highlighted by the above TRIFR statistics.



MINING OPERATIONS

The two mines (Jeebropilly and Acland) combined to produce 2.87 million tonnes of clean coal during the six months ended 31 January 2015. This was 6.3% higher than the previous six month period.

Total sales for the six months to 31 January 2015 were 3.07 million tonnes (including trade coal sales of 0.04 million tonnes), a 2.1% increase on the previous six month reporting period.

New Hope Corporation Limited and Controlled Entities

Directors Report - 31 January 2015

New Acland Mine

The Acland operation produced 2.54 million tonnes of product coal during the first six months, an increase of 9.2% on the previous reporting period. Rationalised maintenance programs, mine plan modifications and higher coal yields were the primary contributors for the additional production volume.

Key activities for the period included:

- embedding the transition to a shared management structure between the West Moreton and Acland sites;
- improving safety and health management systems and standardising documentation;
- providing positive feedback to safe workers and correcting unsafe behaviours through safety conversations;
- completing the trial of a Wirtgen Surface Miner for coal and interburden removal;
- achieving cost reduction and gaining productivity improvements across several key processes;
- ongoing community engagement in respect of both the current operations and the Stage 3 Continuation Plan;
- construction of the next in pit tailings cell and rehabilitation of the two out of pit tailings cells; and
- updating final rehabilitation plans for current mining areas.

West Moreton Operations

The Jeebropilly operation produced 0.33 million tonnes of coal during the period. This is an 11% reduction over the prior reporting period, mainly due to a change of rosters and development work being required to open up the Under Pass Pit ahead of future coal mining.

Rehabilitation works at New Oakleigh and Chuwar sites were limited in the previous six months with personnel transferred to Jeebropilly to support development works in Under Pass Pit. It is currently anticipated that rehabilitation activities will resume at both Oakleigh and Chuwar during the second half of the 2015 financial year.

Backfilling of Chuwar's West Pit is approximately 75% complete and is currently expected to be finished by the end of December 2015.

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

- opening Under Pass Pit with first coal recovered in February 2015;
- detailed plans and schedules completed and reviewed for the remaining mine life at Jeebropilly;
- continued behavioural and cultural safety focus resulting in a steady reduction in incidents, injuries and equipment damage events; and
- ongoing cost reduction focus leading to a mining cost reduction in excess of \$11 per product tonne against budget for the six months to January 2015.

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 (2014: 4.2 million tonnes).

Key activities included:

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

NEW HOPE EXPLORATION

10,724 meters were drilled during the six months to January 2015, compared to 9,673 meters in the previous corresponding period. Work focused on the analysis and updating the geological models with data obtained from previous drilling campaigns.

PASTORAL OPERATIONS

The five year development plan for Acland Pastoral is now being implemented with further investment in fencing and water points being undertaken.

Recent rains have improved the feed situation at Acland. The herd size has been sold down and now sits at 1,472 head. A second crop (mung beans) has been planted under the new pivot irrigator and is progressing well.

New Hope Corporation Limited and Controlled Entities

Directors Report - 31 January 2015

DEVELOPMENT PROJECTS

The company continues to pursue necessary approvals for the group's development projects.

New Acland Continuation Plan

Upon review of the Additional Environmental Impact Statement Report (AEIS), the Queensland Coordinator-General (COG) conditionally approved the project in December 2014. The Federal Minister for the Environment was due to issue a decision on the project in February but has required a three month extension following the change in Queensland Government.

The company remains committed to delivering the Acland project and is actively working with all key stakeholders to deliver a satisfactory and timely resolution. The project will extend the mine's life to 2029 with the inclusion and progressive development of two new resource areas.

The revised project will boost current employment to 435 local jobs for mining operations, plus another 260 jobs will be created during construction. Flow-on jobs and benefits will be substantial for local communities with indirect jobs expected to grow to more than 2,850.

The project will provide a \$530 million injection into the south-east Queensland economy each year and a boost of \$12 billion to the local, state and national economies over the life of the mine.

New Hope has listened to community and government concerns relating to the previous proposal and has developed a revised version of this plan that addresses these issues.

Lenton

The Final Terms of Reference were approved by the Department of Environment and Heritage Protection in June 2014. The baseline studies for the Environmental Impact Statement (EIS) have now been completed, with the exception of groundwater monitoring which is ongoing. The EIS is planned to be completed by mid-2016. Options for the transport 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 (EMP) 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

Work continued on updating the EMP. It is currently intended to lodge the EMP with the Department of Environment and Heritage Protection no later than April 2015.

Negotiations for a Codevelopment Agreement continued with the holders of the overlapping coal seam gas tenements.

North Surat Tenements

As previously announced, New Hope, through a wholly owned subsidiary, acquired three coal projects in the Northern Surat Basin region of Central Queensland. The assets acquired included coal tenements over the Taroom, Collingwood and Woori projects as well as some rural property associated with the projects.

New Hope views its investment in the Surat Basin as a long term strategic play that provides a meaningful exposure to a new thermal coal basin that is expected to be developed in the future. The key to unlocking the potential of the Surat Basin is finding an economic coal transport solution. New Hope's initial focus with these projects will be to understand the optimal development profile for the four Surat Basin assets and to work on a range of coal transport alternatives.

CARBON CONVERSION PROJECTS

Commissioning of the coal gasification phase of the Jeebropilly indirect liquefaction proof of concept plant was successfully completed during the first half of the year. The plant is now able to successfully convert coal into gas which is in turn used to power a gas engine that generates electricity. A decision has been made not to continue with the installation of the liquefaction phase of the plant at this time but rather optimise the existing gasification plant and explore commercial avenues for this plant.

It was also decided to suspend the laboratory scale carbon conversion research work being undertaken in Pittsburgh, USA.

New Hope Corporation Limited and Controlled Entities

Directors Report - 31 January 2015

OIL AND GAS OPERATIONS

Oil production totalled 77,457 barrels for the period, a 62% increase on the prior corresponding period.

However, this uplift in production was overshadowed by a significant reduction in oil prices during the six months of approximately 54% due to changes in global oil demand and supply which has impacted all oil producers worldwide.

At the Inland and Utopia fields mechanical repair workovers were completed which has had the effect of lifting production by 35-40 barrels of oil per day (bopd), taking Bridgeport's share of current production from these fields to approximately 136 bopd. Planning for the drilling of two development wells in the Inland field continued, albeit with work currently deferred given current market conditions.

Phase 2 of the drilling programme was successfully completed in permit ATP752 with one exploration well (Nubba 1) cased and suspended for extended production testing and one unsuccessful well (Wicho East) which was plugged and abandoned.

The rig moved to the Cuisinier field and drilled Cuisinier 17-21 development/appraisal wells, completing the last well in the programme in February 2015. Two of the development wells (Cuisinier 20 and 21) have been cased and suspended for future production and are anticipated to be brought on-line in May 2015. Two of the three appraisal wells (Cuisinier 17 and 19) have been cased and suspended pending further testing and evaluation and Cuisinier 18 has been plugged and abandoned.

Airborne geophysical surveys were undertaken across the larger permits in the Cooper Basin including the recently awarded PEL630 permit in South Australia. This work will feed into a basin wide exploration study planned later in the year. Bridgeport holds approximately 15,000km² of exploration acreage in predominantly the Cooper Basin.

OUTLOOK

The outlook for global coal markets remains challenging in the short to medium term although positive signs are beginning to reappear in some markets. Prices realised by the company in the second half of the year will likely be lower than the first half in USD terms, although this will be partially offset by a weaker Australian Dollar.

Sales volumes for the second half of the year are also likely to be lower than first half with full year sales likely to reach 5.8 million tonnes, a slight reduction on the 6.0 million tonnes achieved in 2014. Production for the full year is expected to be at similar levels to 2014 with potential for some modest increases.

Management remains focussed on securing approval for the Acland expansion and delivering both safe production and sustainable operating cost reductions.

Weakness in both the coal and oil markets will continue to provide potential avenues to grow the business and take advantage of the company's strong financial position.

Signed in Sydney this 23rd day of March 2015 in accordance with a resolution of directors.

R.D. Millner
Director

S.J. Palmer
Director

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

Monday, 23 March 2015

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 2015, 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 2015

	Note	31 January 2015 \$000	31 January 2014 \$000
Revenue from continuing operations		269,078	284,909
Other income	4	<u>1,151</u>	<u>-</u>
		270,229	284,909
Expenses			
Cost of sales		(142,890)	(173,673)
Marketing and transportation		(73,615)	(67,955)
Administration		(4,339)	(6,556)
Other expenses		(2,618)	(1,535)
Impairment expenses	5	<u>(73,171)</u>	<u>(540)</u>
Profit / (Loss) before income tax		(26,404)	34,650
Petroleum resource rent tax benefit / (expense)	6	816	(1,020)
Income tax benefit / (expense)	6	<u>2,449</u>	<u>(10,967)</u>
Profit / (Loss) after income tax		(23,139)	22,663
Profit / (Loss) attributable to:			
New Hope Shareholders		(23,138)	22,664
Non-controlling interests		<u>(1)</u>	<u>(1)</u>
		(23,139)	22,663
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Changes to the fair value of cash flow hedges, net of tax		(27,254)	73
Transfer to profit and loss - cash flow hedges, net of tax		7,832	8,838
Changes to the fair value of available for sale financial assets, net of tax		(3,539)	3,682
Transfer to profit and loss - available for sale financial assets, net of tax		<u>(1,151)</u>	<u>-</u>
Other comprehensive income for the half-year, net of tax		<u>(24,112)</u>	<u>12,593</u>
Total comprehensive income		(47,251)	35,256
Total comprehensive income attributable to:			
New Hope Shareholders		(47,250)	35,257
Non-controlling interests		<u>(1)</u>	<u>(1)</u>
		(47,251)	35,256
Earnings per share for profit attributable to the ordinary equity holders of the Company			
		cents per share	cents per share
Basic earnings per share		(2.8)	2.7
Diluted earnings per share		(2.8)	2.7

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 2015

	Note	31 January 2015 \$000	31 July 2014 \$000
Current assets			
Cash and cash equivalents		31,814	57,015
Trade and other receivables		39,852	51,430
Inventories		47,465	56,519
Held to maturity investments		1,076,362	1,067,241
Held for sale financial assets		-	27,183
Current tax assets		4,961	3,693
Other		436	271
Total current assets		<u>1,200,890</u>	<u>1,263,352</u>
Non current assets			
Trade and other receivables		2,368	2,576
Available for sale financial assets		8,341	2,256
Derivative financial instruments		-	2,447
Property, plant and equipment	5 (a)	757,692	784,998
Exploration and evaluation assets		117,341	105,332
Intangible assets	5 (a)	20,208	24,881
Total non current assets		<u>905,950</u>	<u>922,490</u>
Total assets		<u>2,106,840</u>	<u>2,185,842</u>
Current liabilities			
Trade and other payables		44,998	42,504
Derivative financial instruments		22,505	3,255
Provisions		28,421	28,125
Total current liabilities		<u>95,924</u>	<u>73,884</u>
Non current liabilities			
Derivative financial instruments		6,048	-
Deferred tax liabilities		64,507	85,197
Provisions		59,408	52,902
Total non current liabilities		<u>129,963</u>	<u>138,099</u>
Total liabilities		<u>225,887</u>	<u>211,983</u>
Net assets		<u>1,880,953</u>	<u>1,973,859</u>
Equity			
Contributed equity	7	95,444	95,119
Reserves		3,020	27,400
Retained profits		1,782,446	1,851,289
Capital and reserves attributable to New Hope Shareholders		<u>1,880,910</u>	<u>1,973,808</u>
Non-controlling Interests		43	51
Total equity		<u>1,880,953</u>	<u>1,973,859</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 2015**

	Contributed Equity \$000	Reserves \$000	Retained Earnings \$000	Non-controlling Interests \$000	Total \$000
Balance as at 1 August 2013	93,342	(3,988)	1,925,767	1,335	2,016,456
Profit for the half-year	-	-	22,664	(1)	22,663
Other comprehensive income	-	12,593	-	-	12,593
Total comprehensive income for the half-year	-	12,593	22,664	(1)	35,256
Transactions with owners in their capacity as owners					
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
Balance as at 31 January 2014	95,119	7,381	1,865,359	1,437	1,969,296
Balance as at 1 August 2014	95,119	27,400	1,851,289	51	1,973,859
Profit for the half-year	-	-	(23,138)	(1)	(23,139)
Other comprehensive income	-	(24,112)	-	-	(24,112)
Total comprehensive income for the half-year	-	(24,112)	(23,138)	(1)	(47,251)
Transactions with owners in their capacity as owners					
	325	(325)	-	-	-
Dividends provided for or paid	-	-	(16,620)	-	(16,620)
Special dividend provided for or paid	-	-	(29,085)	-	(29,085)
Net movement in share based payments reserve	-	57	-	-	57
Share of non-controlling interests	-	-	-	(7)	(7)
Balance as at 31 January 2015	95,444	3,020	1,782,446	43	1,880,953

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 2015

	31 January 2015 \$000	31 January 2014 \$000
Cash flows from operating activities		
Receipts from customers inclusive of GST	253,461	281,228
Payments to suppliers and employees inclusive of GST	<u>(178,326)</u>	<u>(213,119)</u>
	75,135	68,109
Income taxes paid	<u>(10,370)</u>	<u>(29,939)</u>
Net cash inflow / (outflow) from operating activities	<u>64,765</u>	<u>38,170</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(53,802)	(60,806)
Payment for exploration and evaluation activities	(12,009)	(20,230)
Proceeds from / (payments for) other assets	(165)	5
Payments for investments in available for sale financial assets	-	(9,298)
Proceeds from / (payments for) held to maturity investments	(11,034)	145,500
Proceeds from investments in held for sale financial assets	8,623	-
Proceeds from sale of property, plant and equipment	122	140
Interest received on held to maturity investments	20,458	22,664
Net cash inflow / (outflow) from investing activities	<u>(47,807)</u>	<u>77,975</u>
Cash flows from financing activities		
Joint Venture partner contributions	-	100
Dividends paid	<u>(45,705)</u>	<u>(83,071)</u>
Net cash inflow / (outflow) from financing activities	<u>(45,705)</u>	<u>(82,971)</u>
Net increase / (decrease) in cash and cash equivalents	(28,747)	33,174
Cash and cash equivalents at the beginning of the half-year	57,015	21,564
Effects of exchange rate changes on cash and cash equivalents	3,546	234
Cash and cash equivalents at the end of the half-year	<u>31,814</u>	<u>54,972</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 2015

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose interim financial report for the half-year reporting period ended 31 January 2015 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 2014 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.

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
 - Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
 - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
 - Part C: 'Materiality'
- Interpretation 21 'Levies'

The adoption of the above standards and amendments did not affect any of the amounts recognised in the current period or any prior periods.

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).

New Hope Corporation Limited and Controlled Entities

Notes to the Financial Statements for the half-year ended 31 January 2015

2. FINANCIAL RISK MANAGEMENT (continued)

The following table presents the group's assets measured and recognised at fair value at 31 January 2015 and 31 July 2014.

2015	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Derivatives used for hedging	-	-	-	-
Held for sale financial assets				
Equity securities	-	-	-	-
Available for sale financial assets				
Equity securities	8,341	-	-	8,341
Total assets	<u>8,341</u>	<u>-</u>	<u>-</u>	<u>8,341</u>
Liabilities				
Derivatives used for hedging	-	28,553	-	28,553
Total liabilities	<u>-</u>	<u>28,553</u>	<u>-</u>	<u>28,553</u>
2014	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Derivatives used for hedging	-	2,447	-	2,447
Held for sale financial assets				
Equity securities	27,183	-	-	27,183
Available for sale financial assets				
Equity securities	2,256	-	-	2,256
Total assets	<u>29,439</u>	<u>2,447</u>	<u>-</u>	<u>31,886</u>
Liabilities				
Derivatives used for hedging	-	3,255	-	3,255
Total liabilities	<u>-</u>	<u>3,255</u>	<u>-</u>	<u>3,255</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.

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.

3. DIVIDENDS

Dividends provided for or paid during the half-year:

	31 January 2015 \$000	31 January 2014 \$000
Ordinary dividend paid		
100% franked at a tax rate of 30% (2014: 100% franked)	16,620	41,536
Special dividend paid		
100% franked at a tax rate of 30% (2014: 100% franked)	29,085	41,536
	<u>45,705</u>	<u>83,072</u>

Dividends listed above were actually paid to shareholders during the reporting period.

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 4.0 cents per fully paid ordinary share (2014: 6.00 cents), fully franked on tax paid at 30%. The aggregate of the dividend expected to be paid on 5 May 2015 out of retained profits at 31 January 2015, but not recognised as a liability at the end of the half-year, is \$33,240,000.

33,240	49,856
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New Hope Corporation Limited and Controlled Entities

Notes to the Financial Statements for the half-year ended 31 January 2015

	31 January 2015 \$000	31 January 2014 \$000
4. OTHER INCOME		
Profit from the half-year includes the following items that are unusual because of their nature, size and incidence:		
Gain on disposal of Dart Energy Limited shares	1,151	-
	<u>1,151</u>	<u>-</u>
5. OTHER EXPENSES		
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 available for sale financial assets	17,558	-
Impairment of goodwill (a)	4,157	-
Impairment of oil producing and exploration assets (a)	51,456	540
	<u>73,171</u>	<u>540</u>
(a) Impairment of goodwill and oil producing assets		
The Group has determined that the significant decline in global oil prices and reduction in reserve estimates in Cooper Basin assets indicate the carrying value of goodwill arising on the Bridgeport acquisition and certain oil producing assets may be impaired.		
The Group has classified its Cooper Basin assets as separate Cash Generating Units (CGU) on a per field basis and has measured the recoverable amount of each CGU using the Fair value less cost of disposal (FVLCD) method with all fair value measurements categorised as Level 3 in the fair value hierarchy. All CGU are included in the Oil and gas segment.		
The Group has estimated the future cash flows of each CGU making assumptions in respect of key variables including: economically recoverable reserves, future production profiles, commodity prices, foreign exchange rates, operating costs and future development costs necessary to produce the reserves. The commodity price and foreign exchange assumptions have been based on consensus market data in the range of oil prices of USD62-USD91 (before escalation) and AUD/USD exchange rates of 0.75-0.93. The future cashflows have been discounted using an after tax discount rate of 10% (31 July 2014: 10%). The recoverable amount and impairment loss calculated under the FVLCD method of the CGUs determined to be impaired are:		
	Recoverable amount	Impairment loss
Cooper Basin PL98	12,869	51,410
Cooper Basin PL214	6,719	1,545
Cooper Basin PL24-26, 35, 36,62, 76-79, 82, 87, 105, 107, 109, 133, 149, 175, 181, 182, 189 and 302	(277)	1,613
Cooper Basin PL15	-	1,045
6. INCOME TAX EXPENSE		
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit / (loss) from continuing operations before income tax	(26,404)	34,650
Income tax calculated at 30% (2014: 30%)	(7,921)	10,395
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Foreign tax loss not recognised	307	-
Gain on sale of Investments	(345)	-
Non-deductible expenses	38	20
Income tax on Petroleum resource rent tax	245	-
Impairment of available for sale financial assets	5,267	-
Impairment of goodwill	1,247	-
Sundry items	7	(34)
	<u>(1,155)</u>	<u>10,381</u>
Under / (over) provided prior year	(1,294)	586
Petroleum resource rent tax (benefit) / expense	(816)	1,020
Income tax (benefit) / expense	<u>(3,265)</u>	<u>11,987</u>

New Hope Corporation Limited and Controlled Entities

Notes to the Financial Statements for the half-year ended 31 January 2015

	31 January 2015 No. of shares	31 January 2015 \$000	31 July 2014 No. of shares	31 July 2014 \$000
7. CONTRIBUTED EQUITY				
(a) Share Capital				
Issued and paid up capital	830,999,449	95,444	830,933,112	95,119
(b) Movements in share capital				
Vesting of performance rights	66,337	325	369,760	1,777

	31 January 2015 \$000	31 July 2014 \$000
8. 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.

14,770 14,832

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.

9. FINANCIAL REPORTING SEGMENTS

(a) Description of segments

The Group has four reportable segments, namely Coal mining (including mining related exploration, development, production and processing), Oil and gas (including oil and gas related exploration, development, production and processing), Marketing and logistics (transport infrastructure and marketing 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 Makers (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 coal 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.

The segment note discloses non regular items which are non-statutory profit measures and therefore presents profit from continuing operations before non regular items. This 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 their size or nature. The Directors have presented this information as they consider the disclosure enhances the understanding of the results to members and users of the financial statements. Non regular items before tax are disclosed in note 9b.

New Hope Corporation Limited and Controlled Entities

Notes to the Financial Statements for the half-year ended 31 January 2015

9. FINANCIAL REPORTING SEGMENTS (continued)

(b) Segment information

	Coal mining \$000	Oil and gas \$000	Marketing and logistics \$000	Treasury and investments \$000	Total \$000
Half-year ended 31 January 2015					
Revenue from external customers	2,075	6,867	241,699	18,437	269,078
Intersegment revenue	104,736	-	-	-	104,736
Total revenue	106,811	6,867	241,699	18,437	373,814
EBITDA	26,370	(561)	28,062	21,791	75,662
Interest expense	-	-	-	-	-
Depreciation and amortisation	(22,659)	(1,567)	(5,820)	-	(30,046)
Profit / (loss) before tax (before non regular items)	3,711	(2,128)	22,242	21,791	45,616
Non regular items before tax	-	(55,613)	-	(16,407)	(72,020)
Profit / (loss) before tax (after non regular items)	3,711	(57,741)	22,242	5,384	(26,404)
Less Income tax benefit / (expense)	(187)	15,846	(6,673)	(6,537)	2,449
Less Petroleum resource rent tax benefit	-	816	-	-	816
Profit / (loss) after tax (after non regular items)	3,524	(41,079)	15,569	(1,153)	(23,139)
Total segment profit / (loss) before tax includes:					
Interest revenue	-	109	-	18,437	18,546
Interest expense	-	-	-	-	-
Depreciation and amortisation	(22,659)	(1,567)	(5,820)	-	(30,046)
Reportable segment assets	700,786	122,502	167,035	1,116,517	2,106,840
Total segment assets includes:					
Additions to non-current assets	47,477	10,287	5,002	-	62,766
Half-year ended 31 January 2014					
Revenue from external customers	686	6,999	255,181	22,043	284,909
Intersegment revenue	107,865	-	-	-	107,865
Total revenue	108,551	6,999	255,181	22,043	392,774
EBITDA	10,393	2,479	29,160	21,973	64,005
Interest expense	(2)	-	-	-	(2)
Depreciation and amortisation	(22,648)	(965)	(5,740)	-	(29,353)
Profit / (loss) before tax (before non regular items)	(12,257)	1,514	23,420	21,973	34,650
Non regular items before tax	-	-	-	-	-
Profit / (loss) before tax (after non regular items)	(12,257)	1,514	23,420	21,973	34,650
Less Income tax benefit / (expense)	2,804	(153)	(7,026)	(6,592)	(10,967)
Less Petroleum resource rent tax expense	-	(1,020)	-	-	(1,020)
Profit / (loss) after tax (after non regular items)	(9,453)	341	16,394	15,381	22,663
Total segment profit / (loss) before tax includes:					
Interest revenue	-	81	-	22,043	22,124
Interest expense	(2)	-	-	-	(2)
Depreciation and amortisation	(22,648)	(965)	(5,740)	-	(29,353)
Year ended 31 July 2014					
Reportable segment assets	714,639	163,817	180,874	1,126,512	2,185,842
Total segment assets includes:					
Additions to non-current assets	58,097	44,971	9,092	-	112,160

New Hope Corporation Limited and Controlled Entities

Notes to the Financial Statements for the half-year ended 31 January 2015

10. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 17 February 2015, a wholly owned subsidiary of New Hope Corporation Limited purchased the remaining 49% interest in the North Surat Joint Venture from Mitsui Coal Holdings Pty Ltd (Mitsui) for \$22,000,000. The acquisition of Mitsui's stake in the joint operation provides the Group with complete control of these assets.

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 2015 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
23 March 2015

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, which comprises the consolidated balance sheet as at 31 January 2015, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising 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 18.

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 2015 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 2015 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

R D Wanstall
Partner
Chartered Accountants
Brisbane
23 March 2015