



New Hope Corporation Limited

A.B.N. 38 010 653 844

APPENDIX 4D & INTERIM REPORT 31 JANUARY 2017

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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 2016 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 2017

Results for announcement to the market

	31 January 2017 \$000	31 January 2016 \$000	% Change
Revenue from operations	374,620	229,449	+ 63%
Profit before income tax	99,359	6,749	+ 1372%
Profit before income tax and non regular items	79,904	20,214	+ 295%
Non regular items after tax	13,483	(12,309)	+ 210%
Profit after income tax before non regular items	54,876	15,032	+ 265%
Profit after income tax and non regular items	68,359	2,723	+ 2410%
Profit after income tax and non regular items attributable to New Hope shareholders	68,357	2,722	+ 2411%
Earnings per share before non regular items (cents)	6.6	1.8	+ 267%
Earnings per share (cents)	8.2	0.3	+ 2633%
Net tangible asset backing per ordinary share	210.4	216.0	- 3%
Interim dividend declared - 100% franked (Record date: 18 April 2017)	4.0	2.0	+ 100%

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

- Federal approval for New Hope Group's revised Acland Stage 3 Continuation Project (NAC03);
- Strong production for the period;
- Significant increase in export thermal coal prices during the period;
- Strong profit and cash contribution from Bengalla;
- Increase in net profit after tax before non regular items by 265% compared to the prior corresponding period;
- An increase of 256% in operating cashflows for the period to \$119.7 million;
- A reduction in below rail tariff charges of approximately 12% from August 2016 with a \$19.9 million recovery of overpaid amounts from 1 July 2013.

New Hope Corporation Limited and Controlled Entities Directors' Report - 31 January 2017

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 2017 \$000	January 2016 \$000	% Change
Consolidated results				
Revenue from operations		374,620	229,449	+ 63%
Profit before income tax (before non regular items) *		79,904	20,214	+ 295%
Recovery of prior period below rail access charge	2	19,908	-	
Impairment of available for sale investments	3	(453)	(3,436)	
Land access compensation	2	-	5,000	
Impairment of oil producing assets	3	-	(15,029)	
Profit before income tax (after non regular items)		<u>99,359</u>	<u>6,749</u>	+ 1372%
Profit from ordinary activities after income tax (before non regular items) *		54,876	15,032	+ 265%
Recovery of prior period below rail access charge		13,936	-	
Impairment of available for sale investments	3	(453)	(3,436)	
Land access compensation		-	5,000	
Petroleum resource rent tax (de-recognition due to recoverability)		-	(3,353)	
Impairment of oil producing assets	3	-	(10,520)	
Profit from ordinary activities after income tax (after non regular items)		<u>68,359</u>	<u>2,723</u>	+ 2410%
Non-controlling interests		(2)	(1)	
Profit attributable to New Hope Shareholders		<u>68,357</u>	<u>2,722</u>	
		January 2017	January 2016	
Basic earnings per share (cents) (before non regular items) *		6.6	1.8	+ 267%
Recovery of prior period below rail access charge	2	1.7	-	
Impairment of available for sale investments	3	(0.1)	(0.4)	
Land access compensation	2	-	0.6	
Petroleum resource rent tax (de-recognition due to recoverability)		-	(0.4)	
Impairment of oil producing assets	3	-	(1.3)	
Basic earnings per share (cents) (after non regular items)		<u>8.2</u>	<u>0.3</u>	+ 2633%

* 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 2017

Review of Operations

New Hope Corporation Limited (New Hope) recorded a net profit after tax and before non regular items of \$54.9 million (comprising \$17.3 million from QLD coal mining, \$39.7 million from NSW coal mining and a net loss of \$ 2.1 million from oil and gas operations). This represents an increase of 265% above the \$15.0 million recorded in the six months to January 2016.

The result for the period also included non regular receipts of rail charges of \$13.9 million (after tax) and impairments of \$0.4 million (after tax) against the carrying value of certain assets in the Group's share investments. After the non regular items noted above, New Hope recorded a net profit after tax and non regular items for the six months ended 31 January 2017 of \$68.4 million compared to a net profit after tax of \$2.7 million in the prior corresponding period.

After non regular items basic earnings per share for the six months ended 31 January 2017 were 8.2 cents compared to 0.3 cents earned in the previous corresponding period.

Directors have declared a fully franked interim dividend of 4.0 cents per share (2016: 2.0 cents per share) to be paid on 2 May 2017 to shareholders registered as at 18 April 2017.

The operating result before non regular items for the first six months of the 2017 financial year was positively impacted by:

- Strong production volumes from operated sites and the Bengalla Joint Venture;
- Significant increases in the global coal index price;
- Reduction in below rail tariff resulting in an ongoing reduction in rail costs of 12% as well as an adjustment for prior period amounts resulting in a recovery of \$19.9 million; and
- Increased oil production and improved realised pricing on oil sales;

offset by:

- Coal sales tonnes reduced by the shiploader outage at Queensland Bulk Handling (QBH) in late 2016.

MINING OPERATIONS

New Hope's two operated mines in South East Queensland (Jeebropilly and New Acland) combined to produce 2.7 million tonnes of clean coal during the six months ended 31 January 2017. Bengalla (New Hope's 40% interest) contributed 1.7 million tonnes for the six months, giving total group production of 4.4 million tonnes, an increase of 58% on the prior period.

Total sales for the six months to 31 January 2017 (including NSW operations) were 4.0 million tonnes, a 47% increase on the prior corresponding period.

New Acland Coal Mine

The Acland operation produced 2.4 million tonnes of product coal during the first six months an increase of 7% against the previous reporting period.

Key activities for the period included:

- Continued strong focus on health and safety with particular emphasis on safety leadership;
- Installation of a mobile equipment Fleet Management System (FMS) and commencement of live testing;
- Investigation of a range of CHPP yield improvement projects;
- Formation of an Operational Readiness Team to effectively project manage the planned transition of mining activity from Stage 2 to Stage 3;
- Trial of a diesel natural gas hybrid (dual fuel system) truck at New Acland operations.

West Moreton Operations

Jeebropilly produced 0.3 million tonnes of coal during the period. This was 9% higher than the prior corresponding period. A decision to recommence mining at the Jeebropilly North pit was made this reporting period which is expected to extend the life of the mine by 12 to 18 months.

Rehabilitation efforts were focused on the mined out Chuwar area in North Ipswich. Backfilling activities are now largely complete at Chuwar with final landform shaping and top soiling scheduled to be completed later this financial year.

New Hope Corporation Limited and Controlled Entities Directors' Report - 31 January 2017

NSW Operations – 40% Owned (Bengalla)

New Hope's share of coal production for the half year was 1.7 million tonnes with sales in line with production. The key activities associated with the operational performance of the Bengalla mine for the half year are:

- Identification and implementation of cost saving initiatives;
- Commissioning of the Dry Creek Diversion; and
- Purchase and mobilisation of a seventh large excavator to the operation.

The Bengalla operation contributed a profit before tax for the half year of \$56.6 million.

QUEENSLAND BULK HANDLING (QBH)

During the first six months of the financial year, 3.1 million tonnes of coal was exported through the QBH coal terminal at the Port of Brisbane (2016: 3.5 million tonnes).

Key activities included:

- Continued focus on health and safety with the site now over 4 years lost time injury (LTI) free;
- Settled an ongoing legal dispute with a former customer;
- Storm damage repair works (further detail below).

On 13 November 2016, a severe storm caused significant damage to the ship loading and stockyard infrastructure. With the assistance of New Hope's in-house Major Project's team, QBH was able to replace the damaged section of boom in under four weeks. This action, along with other operational flexibilities, minimised the amount of production losses during this period. It is expected that shipping for the full year will not be materially impacted by this event.

NEW HOPE EXPLORATION AND DEVELOPMENT PROJECTS

New Acland (MDL 244, ML 50216)

On 20 January 2017, following a recommendation by the Independent Expert Scientific Committee the New Acland Stage 3 Project received Environmental Protection and Biodiversity Conservation Act (EPBC) approval from the Federal Government. This is a significant step forward in the approvals process for Stage 3.

On 12 January 2017, the application for the Mining Leases and Environmental Authority for the New Acland Coal Mine Stage 3 Project was mentioned before the State Land Court to discuss a procedural matter and the Company's application to submit further evidence. As a result, the hearings will be reopened in April 2017.

The validation of Acland borehole data continued during the period to facilitate and generate an updated geological and hydrogeological model.

Lenton (EPC 766, EPC 865, EPC 1675 and ML 70337)

Resource and Reserve estimations were calculated and will be reviewed in the next 6 months. An extension has been approved for the due date of the EIS as part of MLA70456, extending the required submission date out to June 2018.

North Surat Projects (EPC 640, EPC 650, EPC1171, EPC 1205, EPC 1322, EPC 1603, EPC 2207, MDL 187)

Geological work on the North Surat Project area focussed on reviewing the geological models and planning the future exploration programs to complete the Pre-Feasibility Study. The Elimatta Mining Lease application is nearing completion with the final statutory requirements in progress.

Colton (EPC 923 and EPC 1082)

Land Court proceedings for Colton were concluded in August and recommendation was made in November to grant the Mining Lease and Environmental Authority. The Environmental Authority was issued on 15 December 2016. Granting of the Mining Lease is pending.

Bee Creek (EPC 777)

Work during the period focused on geological data review to feed into the larger tenure review to assist in the overarching corporate tenure strategy. No onsite activities were undertaken in the six months to January 2017.

New Hope Corporation Limited and Controlled Entities Directors' Report - 31 January 2017

Other Tenements (Yamala (EPC 927, EPC 1169), Churchyard Creek (EPC 1876) and Ashford (EL 6234))

Work during the period focused on geological data review. No onsite activities were undertaken in the six months to January 2017.

PASTORAL OPERATIONS

New management commenced at Acland Pastoral Company (APC) this reporting period. Herd numbers for the period were at 2407 head with the breeding operation now well embedded and the continuation of cattle grazing trials.

The period saw the company reintroduce pivot operations to irrigate crops for forage and silage and the return of areas of rehabilitated land from mining activity into grazing.

OIL AND GAS OPERATIONS

Oil production totalled 141,355 barrels for the period, a 55% increase on the corresponding half year of 91,150 barrels. This increase was primarily due to the acquisition of the Kenmore, Bodalla and associated fields completed in October 2016, but also improved production performance at other principal assets held by the Company. An improvement in the oil price over the period resulted in realised prices of A\$65/bbl, an improvement of 27% on the corresponding half year.

Bridgeport responded to low oil prices throughout 2016 by reducing operating costs with significant cost reduction initiatives including the setup of a production hub at the Kenmore field; moving lower level producing fields to not normally manned operations and undertaking repair and intervention workovers to stabilise production.

During the period the following key activities were undertaken:

- Ten workovers across company operated producing assets which improved production by 130 bopd;
- Five new development wells drilled, cased and suspended as producers in the Cuisinier non-operated asset;
- Financial closing of the acquisition of the Kenmore, Bodalla and associated fields which increased net production by 400 bopd;
- The award of three new exploration tenements in the Cooper Basin, (Queensland) proximal to existing BEL production centres;
- Interpretation and mapping of the 3D data sets in ATP 794 and PEL 630; and
- Progress of an enhanced oil recovery scheme for the Moonie field in the Surat Basin.

OUTLOOK

Demand for quality thermal coal is expected to remain strong for the foreseeable future. This demand is underpinned by a transition to new High Efficiency, Low Emission (HELE) power stations throughout Asia in order to meet their requirements for clean, reliable and low cost energy. Coal from New Hope's operations in South East Queensland and New South Wales is optimally suited to these new generators and is likely to attract ongoing premiums to alternative lower quality coals in the future.

At Bengalla, the focus remains on improving productivity from current resources and securing further cost efficiencies. Management is committed to securing necessary approvals for the New Acland mine to ensure continuity between current operations and the Stage 3 expansion. Rehabilitation work will continue in the West Moreton area, with a view to optimizing future land development options for the groups substantial land portfolio in one of South East Queensland's most prospective growth corridors.

Development projects in Central Queensland and the North Surat are being progressed through the necessary approvals processes, with a strategy of ensuring that the mines are capable of being developed when justified by increased demand for additional seaborne coal.

**New Hope Corporation Limited and Controlled Entities
Directors' Report - 31 January 2017**

OUTLOOK

Low oil prices in 2016 have provided the opportunity for Bridgeport to materially increase production capacity and reserves through targeted acquisitions. The increased scale and diversity of the Bridgeport business now provides New Hope with an opportunity to consider longer term strategic initiatives in this sector.

Having successfully navigated through the recent downturn, the Company is now well positioned to take advantage of improved prices with a suite of quality producing assets and near term development opportunities.

Signed in Sydney this 20th day of March 2017 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, 20 March 2017

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 2017, 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

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

New Hope Corporation Limited and Controlled Entities
Consolidated Statement of Comprehensive Income
for the half year ended 31 January 2017

	Note	31 January 2017 \$000	31 January 2016 \$000
Revenue from operations		374,620	229,449
Other income	2	21,915	5,000
		<u>396,535</u>	<u>234,449</u>
Expenses			
Cost of sales		(213,316)	(135,440)
Marketing and transportation		(74,944)	(65,672)
Administration		(4,289)	(4,543)
Other expenses		(4,174)	(3,580)
Impairment expenses	3	(453)	(18,465)
Profit before income tax		<u>99,359</u>	<u>6,749</u>
Petroleum resource rent tax expense	4	-	(4,786)
Income tax benefit / (expense)	4	(31,000)	760
Profit after income tax		<u>68,359</u>	<u>2,723</u>
Profit attributable to:			
New Hope Shareholders		68,357	2,722
Non-controlling interests		2	1
		<u>68,359</u>	<u>2,723</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		4,988	(643)
Transfer to profit and loss - cash flow hedges, net of tax		(115)	9,148
Transfer to profit and loss - available for sale financial assets, net of tax		-	355
Exchange differences on translation of foreign operations		187	(252)
Other comprehensive income for the half year, net of tax		5,060	8,608
Total comprehensive income		<u>73,419</u>	<u>11,331</u>
Total comprehensive income attributable to:			
New Hope Shareholders		73,417	11,330
Non-controlling interests		2	1
		<u>73,419</u>	<u>11,331</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		8.2	0.3
Diluted earnings per share		8.2	0.3

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 2017

	Note	31 January 2017 \$000	31 July 2016 \$000
Current assets			
Cash and cash equivalents		150,436	91,162
Receivables		75,484	83,254
Inventories		83,934	53,518
Held to maturity investments		85	116
Current tax assets		-	1,486
Derivative financial instruments		9,170	2,313
Total current assets		319,109	231,849
Non current assets			
Receivables		740	1,200
Available for sale financial assets		2,910	3,364
Property, plant and equipment		1,338,630	1,340,415
Exploration and evaluation assets		387,201	382,048
Intangible assets		58,635	59,673
Total non current assets		1,788,116	1,786,700
Total assets		2,107,225	2,018,549
Current liabilities			
Accounts payable		63,178	64,604
Lease liabilities		2,314	2,272
Current tax liabilities		509	-
Provisions		48,041	45,733
Total current liabilities		114,042	112,609
Non current liabilities			
Lease liabilities		11,421	12,588
Deferred tax liabilities		75,219	51,575
Provisions		99,226	91,365
Total non current liabilities		185,866	155,528
Total liabilities		299,908	268,137
Net assets		1,807,317	1,750,412
Equity			
Contributed equity	6	95,772	95,692
Reserves		29,440	24,353
Retained profits		1,682,098	1,630,362
Capital and reserves attributable to New Hope Shareholders		1,807,310	1,750,407
Non-controlling Interests		7	5
Total equity		1,807,317	1,750,412

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 2017

	Contributed Equity \$000	Reserves \$000	Retained Earnings \$000	Non-controlling Interests \$000	Total \$000
Balance as at 1 August 2015	95,444	6,632	1,750,525	24	1,852,625
Profit for the half year	-	-	2,722	1	2,723
Other comprehensive income	-	8,608	-	-	8,608
Total comprehensive income for the half year	-	8,608	2,722	1	11,331
Transactions with owners in their capacity as owners					
Dividends provided for or paid	-	-	(20,776)	-	(20,776)
Special dividend provided for or paid	-	-	(29,087)	-	(29,087)
Transfer from share based payment reserve	248	(248)	-	-	-
Net movement in share based payments reserve	-	58	-	-	58
Share of non-controlling interests	-	-	-	(9)	(9)
Balance as at 31 January 2016	95,692	15,050	1,703,384	16	1,814,142
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 2017

	31 January	31 January
	2017	2016
	\$000	\$000
Cash flows from operating activities		
Receipts from customers inclusive of GST	424,959	205,611
Payments to suppliers and employees inclusive of GST	<u>(297,578)</u>	<u>(166,703)</u>
	127,381	38,908
Interest paid	(257)	-
Income taxes paid	<u>(7,419)</u>	<u>(5,335)</u>
Net cash inflows from operating activities	<u>119,705</u>	<u>33,573</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(36,949)	(40,422)
Payments for intangibles	(117)	-
Payment for acquisition of business (Kenmore Bodalla)	(800)	-
Payment for exploration and evaluation activities	(5,204)	(10,807)
Payments for security and bond guarantees	(40)	-
Net proceeds from held to maturity investments	31	58,869
Proceeds on Bengalla acquisition settlement adjustment	1,669	-
Proceeds from sale of property, plant and equipment	48	358
Interest received	831	17,004
Net cash inflow / (outflow) from investing activities	<u>(40,531)</u>	<u>25,002</u>
Cash flows from financing activities		
Repayment of finance leases	(1,126)	-
Dividends paid	<u>(16,621)</u>	<u>(49,863)</u>
Net cash outflows from financing activities	<u>(17,747)</u>	<u>(49,863)</u>
Net increase in cash and cash equivalents	61,427	8,712
Cash and cash equivalents at the beginning of the half year	91,162	24,789
Effects of exchange rate changes on cash and cash equivalents	<u>(2,153)</u>	<u>3,085</u>
Cash and cash equivalents at the end of the half year	<u>150,436</u>	<u>36,586</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 2017

BASIS OF PREPARATION OF HALF YEAR REPORT

This general purpose interim financial report for the half year reporting period ended 31 January 2017 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 2016 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. Comparative information has been reclassified where appropriate to enhance comparability.

1. FINANCIAL REPORTING SEGMENTS

(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, 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. Operating segments are reported in a manner consistent with the internal reporting provided to 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. Sales between segments are carried out at arm's length and are eliminated on consolidation.

New Hope Corporation Limited and Controlled Entities
Notes to the Financial Statements
for the half year ended 31 January 2017

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 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)
Less Petroleum resource rent tax benefit	-	-	-	-
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
Half year ended 31 January 2016 [^]				
Revenue from external customers	224,749	-	4,700	229,449
EBITDA	50,434	-	(1,198)	49,236
Interest expense	-	-	-	-
Depreciation and amortisation	(26,983)	-	(2,039)	(29,022)
Profit / (loss) before tax (before non regular items)	23,451	-	(3,237)	20,214
Non regular items before tax	1,564	-	(15,029)	(13,465)
Profit / (loss) before tax (after non regular items)	25,015	-	(18,266)	6,749
Less Income tax benefit / (expense)	(6,304)	-	7,064	760
Less Petroleum resource rent tax expense	-	-	(4,786)	(4,786)
Profit / (loss) after tax (after non regular items)	18,711	-	(15,988)	2,723
Total segment profit / (loss) before tax includes:				
Interest revenue	14,452	-	-	14,452
Reportable segment assets	1,934,067	-	108,062	2,042,129
Total segment assets includes:				
Additions to non-current assets	26,923	-	24,306	51,229

[^] The prior period segment note has been restated due to the change in reporting in the current period to enhance comparability.

New Hope Corporation Limited and Controlled Entities
Notes to the Financial Statements
for the half year ended 31 January 2017

		31 January 2017	31 January 2016
	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	(a)	19,908	-
Insurance proceeds		2,000	-
Land Access Compensation		-	5,000
Gain / (loss) on sale of property, plant and equipment		7	-
		21,915	5,000

(a) Recovery of rail charges

The 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. The recovery of the \$19.9 million has been recognised as other income in the half year ended 31 January 2017.

3. 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		453	3,436
Impairment of oil producing assets	(a)	-	15,029
		453	18,465

(a) Impairment of oil producing assets

In 2016 the Group determined that the continued decline in global oil prices indicates the carrying value of certain oil producing assets may be impaired. Management have determined that there are no further indicators of impairment for these assets as at 31 January 2017. Management have not noted a sufficient change in previous estimates that would justify a reversal of previously recorded impairments.

4. INCOME TAX EXPENSE

Numerical reconciliation of income tax expense to prima facie tax payable

Profit from operations before income tax		99,359	6,749
Income tax calculated at 30% (2016: 30%)		29,808	2,025
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Income tax on Petroleum resource rent tax		-	(1,436)
Impairment of available for sale financial assets		136	1,031
Land access compensation		-	(1,500)
Sundry items		84	(64)
		30,028	56
Under / (over) provided prior year		972	(816)
Petroleum resource rent tax expense		-	4,786
Income tax expense		31,000	4,026

New Hope Corporation Limited and Controlled Entities
Notes to the Financial Statements
for the half year ended 31 January 2017

	31 January	31 January
	2017	2016
	\$000	\$000

5. DIVIDENDS

Dividends provided for or paid during the half year:

Ordinary dividend paid		
100% franked at a tax rate of 30% (2016: 100% franked)	16,621	20,776
Special dividend paid		
100% franked at a tax rate of 30% (2016: 100% franked)	-	29,087
	16,621	49,863

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 (2016: 2.0 cents), fully franked on tax paid at 30%. The aggregate of the dividend expected to be paid on 2 May 2017 out of retained profits at 31 January 2017, but not recognised as a liability at the end of the half year, is \$33,242,814.

	33,243	16,621
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	31 January	31 January	31 July	31 July
	2017	2017	2016	2016
	No. of shares	\$000	No. of shares	\$000

6. CONTRIBUTED EQUITY

(a) Share Capital

Issued and paid up capital	831,070,344	95,772	831,050,726	95,692
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(b) Movements in share capital

Vesting of performance rights	19,618	80	51,277	248
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7. 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 2017

7. FINANCIAL RISK MANAGEMENT (continued)

The following table presents the group's assets measured and recognised at fair value at 31 January 2017 and 31 July 2016.

2017	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Derivatives used for hedging	-	9,170	-	9,170
Available for sale financial assets				
Equity securities	2,910	-	-	2,910
Total assets	<u>2,910</u>	<u>9,170</u>	<u>-</u>	<u>12,080</u>
2016	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets				
Derivatives used for hedging	-	2,313	-	2,313
Available for sale financial assets				
Equity securities	3,364	-	-	3,364
Total assets	<u>3,364</u>	<u>2,313</u>	<u>-</u>	<u>5,677</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.

8. BUSINESS ACQUISITION - OIL PRODUCING ASSET BUSINESS

During the half year ended 31 January 2017, the Group acquired a business constituting the Greater Kenmore and Bodalla Area (GKBA) oil producing and exploration fields. This transaction constitutes a business combination. The Group acquired 100% of the interests in the Kenmore (PL32), Bodalla South (PL 31) and Blackstump (PL 47) oil producing assets. The acquisition also included two joint ventures: ATP 269 (Coolum/Byrock) JV (93.21%) and ATP 269 (Glenvale/Bargie) JV (93.9%).

The acquisition resulted in a cash outflow of \$800,000 for the acquisition of oil producing assets of \$13.3 million and the assumption of rehabilitation related provisions of \$12.5 million

Significant judgement and estimate - Acquisition fair value

The determination of the fair values of net identifiable assets acquired, and of any goodwill, involves significant judgment. The allocation of fair value between intangible assets, and the tangible assets with which they are used, is also judgmental.

	31 January 2017 \$000	31 July 2016 \$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.	14,724	14,249
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.	12,494	12,494
The Group's share of Bengalla's security provided to Westpac Banking Corporation in respect of certain bank guarantees provided by the bank for Bengalla Coal Sales Company Pty Ltd	6,636	6,636

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 2017

	31 January	31 July
	2017	2016
9. CONTINGENT LIABILITIES (continued)	\$000	\$000

Lines of credit

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

Guarantee facility - available	140,000	135,000
Guarantee facility - utilised	133,294	118,411
Unused at balance date	6,706	16,589

The parent entity has given unsecured guarantees in respect of:

(i) Mining restoration and rehabilitation	106,076	91,667
The liability has been recognised by the Group in relation to its rehabilitation obligations.		
(ii) Statutory body suppliers	27,403	26,744

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

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 17 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 2017 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
20 March 2017

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 2017, 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, notes comprising a summary of significant accounting policies and other explanatory information, 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 2017 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.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited



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 2017 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
20 March 2017