



# New Hope

## Corporation Limited

A.B.N. 38 010 653 844

### APPENDIX 4D

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### INTERIM REPORT

### 31 JANUARY 2012

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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 2012 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 2012**

**Results for announcement to the market**

	<b>31 January 2012 \$000</b>	31 January 2011 \$000	% Change
Revenue from ordinary activities	<b>388,450</b>	336,210	+ 15.5%
Profit before income tax (before non recurring items)	<b>101,817</b>	108,372	- 6.0%
Profit before income tax (after non recurring items)	<b>101,817</b>	574,564	- 82.3%
Profit from ordinary activities after income tax attributable to New Hope Shareholders (before non recurring items)	<b>101,061</b>	81,059	+ 24.7%
Net Profit attributable to New Hope shareholders (after non recurring items)	<b>101,065</b>	407,393	- 75.2%

	<b>31 January 2012 cents per share</b>	31 January 2011 cents per share	% Change
Earnings per share (before non recurring items)	<b>12.2</b>	9.8	+ 24.5%
Earnings per share (after non recurring items)	<b>12.2</b>	49.1	- 75.2%
Interim dividend declared	<b>6.00</b>	5.25	+ 14.3%

	<b>31 January 2012 cents per share</b>	31 January 2011 cents per share	% Change
Net tangible asset backing per ordinary share	<b>266.6</b>	275.8	- 3.4%

- Production up 15.8% to 3.2 million tonnes.
- Export sales up 6.1% to 2.9 million tonnes.
- Earnings per share before non recurring items up 24.5% to 12.2 cents per share.

**Dividends**

The Directors' have declared a dividend of 6.00 cents per share franked to 100% payable on 2nd May 2012. The record date for the payment of the dividend is 17th April 2012. There is no dividend reinvestment plan in operation.

# New Hope Corporation Limited and Controlled Entities

## Directors Report - 31 January 2012

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 2012.

### 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 D.C. Williamson  
 Mr W.H. Grant  
 Mr R.C. Neale

<b>Consolidated Results</b>	<b>Jan 2012 \$000</b>	<b>Jan 2011 \$000</b>	<b>% Change</b>
Revenue from operations	<b>388,450</b>	<b>336,210</b>	+ 15.5%
Profit before income tax (before non recurring items)*	101,817	108,372	- 6.0%
Gain on sale of Arrow Energy before income tax (Refer Note 8)	-	466,192	
Profit before income tax (after non recurring items)	<u><b>101,817</b></u>	<u><b>574,564</b></u>	- 82.3%
Profit from ordinary activities after income tax (before non recurring items)*	101,061	81,059	+ 24.7%
Gain on sale of Arrow Energy after income tax	-	326,334	
Profit from ordinary activities after income tax (after non recurring items)	<u><b>101,061</b></u>	<u><b>407,393</b></u>	- 75.2%
Basic earnings per share (cents) (before non recurring items)*	12.2	9.8	+ 24.5%
Gain on sale of Arrow Energy	-	39.3	
Basic earnings per share (cents) (after non recurring items)	<u><b>12.2</b></u>	<u><b>49.1</b></u>	- 75.2%

### Review of Operations

New Hope Corporation Limited (New Hope) has recorded a net profit after tax from operations of \$101.1 million for the first half year of 2012 which is an increase of 25% on the operating result from the prior corresponding period of \$81.1 million. The 2012 first half year result is down approximately 75% when compared to the total net profit after tax of \$407.4 million reported in January 2011, which included the non-recurring gain on the sale of Arrow Energy shares of \$326.3 million.

Basic earnings per share (excluding non-recurring items) for the half year were 12.2 cents compared to 9.8 cents per share earned in the previous corresponding period.

Directors have declared an interim dividend of 6.00 cents per share, fully franked and payable on 2nd May 2012 to shareholders registered at 17th April 2012.

Compared to the previous corresponding period, the result for the half year ended 31st January 2012 was impacted by:

- increased production volumes to 3.2 million tonnes (2011 – 2.8 million tonnes);
- higher export sales volumes of 2.9 (2011 – 2.7 million tonnes); and
- higher export prices in US\$ terms,

partly offset by:

- increased costs of production and transportation; and
- an adverse AUD:USD foreign exchange rate.

During the period the company successfully acquired the remaining 19.2% of Northern Energy for \$50.2 million. Upon becoming a wholly owned subsidiary of the New Hope Group various integration programs have been initiated to improve the efficiency and cost effectiveness of project delivery.

# New Hope Corporation Limited and Controlled Entities

## Directors Report - 31 January 2012

### **Mining Operations**

Total clean coal production from New Hope's operations in the half year ended 31st January 2012 was 3.2 million tonnes. This was 15.8% higher than for the corresponding period last year.

Total sales for the first half year were 3.2 million tonnes. Export sales were up 6.1% at 2.9 million tonnes while domestic sales were 16% down at 0.3 million tonnes. This is as a result of a scheduled decrease in off-take from CS Energy.

Robust operating performances were achieved in both quarters of the first half year. Unlike the first half of the 2011 year, rain impacts to production have been minimal, with production time lost due to rain in line with budget assumptions.

### New Acland Mine

The New Acland mine produced 2.6 million tonnes of clean coal in the first half ended 31st January 2012, an increase of 14.7% over the same period last year.

Key activities at New Acland have included:

- Increased focus on improving safety performance;
- Completed the negotiation of a new Enterprise Agreement;
- Construction of a fourth environmental dam to control run-off water;
- Design and approvals for a half loop at Jondaryan rail siding underway; and
- Placing an order for 5 new Cat 793 trucks.

### Pastoral Operations

New Hope's pastoral operation (New Acland Pastoral Co.) owns approximately 10,000 hectares of land on the Darling Downs, with pastoral operations active on some 6,600 hectares with the remainder dedicated to mining, rehabilitation or buffer zones. Pastoral operations focus on cattle grazing, grain cropping and returning land to agricultural production after mining activity has been completed. Grazing operations continue to expand with approximately 1900 head of cattle on site at the end of the period.

With the assistance of independent third party supervisors, Acland Pastoral is also undertaking trials to compare the weight gain of cattle grazing on rehabilitated mining land as against undisturbed country. This information will be utilised to assist future rehabilitation practice at the New Acland mine.

### West Moreton Mines

The West Moreton operations comprising Jeebropilly and New Oakleigh produced 0.63 million tonnes of clean coal in the first half ended 31st January 2012. This was an increase of 21% compared to the same period last year. Of this tonnage Jeebropilly produced 0.43 and New Oakleigh 0.20 million tonnes.

Key activities at West Moreton operations included:

- Increased focus on improving safety performance;
- Mine planning studies of the medium term future of the Jeebropilly operation; and
- Detailed planning for the rehabilitation of the New Oakleigh mine post completion.

### Queensland Bulk Handling

New Hope's 100% owned port facility Queensland Bulk Handling located at the Port of Brisbane continued to ship coal at high levels. Exported coal was 4.3 million tonnes for the first six months, up 23% compared to the same period last year. QBH continues to be essentially demurrage free.

Key activities included:

- Completed negotiations for a new 4 year Enterprise Bargain Agreement; and
- Completion of the new coal outload sampler.

QBH throughput was significantly increased during the past half year in comparison to the first half of 2011 which was impacted by the 3 month closure of the Western Rail Line after the flooding in January 2011.

# New Hope Corporation Limited and Controlled Entities

## Directors Report - 31 January 2012

### Development Projects and Exploration

#### New Acland Stage 3 (NAC03) - MDL244, ML50170 and ML50216

NAC03 involves the expansion of the existing New Acland mine from its current capacity of approximately 5 million tonnes per annum up to 10 million tonnes per annum.

The Supplementary Environmental Impact Statement, submitted in June 2011, is under review by the Co-Ordinator General. Additional information requests are being addressed during this review process. The State Government confirmed that the project does qualify for transitional arrangements in relation to its new Strategic Cropping Land legislation. It is anticipated that a mining lease could be granted during the second half of 2013, with ramp-up of expanded operations to commence in first half 2015.

#### New Lenton- EPC766, EPC865 and ML70337 (Bowen Basin)

The New Lenton project (northern Bowen Basin) is an open cut and underground resource of coking/PCI and thermal coal. Depending on mine design and operating scenario, it is planned to produce up to 3.5 million tonnes of product coal per annum from 2016. Exploration (drilling and 2D seismic surveys) continued throughout 2011, primarily focusing on areas where initial start-up would be undertaken within the existing ML 70337 and the collection of a bulk sample for pilot scale coke oven testing.

A total of 22,441 meters was drilled during the current half year period at New Lenton. Exploration activities were suspended on 26th January due to high rainfall. Drilling will recommence when ground conditions allow.

A line of oxidation holes are planned for the third quarter of 2012 to accurately determine the location of the box cut.

#### Elimatta Project

Environmental Impact Studies are continuing with submission to the State government regulators due in March 2012 along with a community consultation program and transport studies for the project. Negotiations and consultation continue with native title holders and land holders potentially impacted by the project.

#### EPC1876 (Churchyard Creek)

The stage 1 exploration program has been completed, and a review of the findings will commence in the third quarter of 2012 to determine the composition of the stage 2 exploration program. A total of 15 chip holes were drilled for a total of 4,490m during the period.

While the initial results are not encouraging, a review of the findings of the 2011 Churchyard Creek activities indicate that additional drilling in the north and centre of the lease is warranted to confirm the existence of shallow coal measures and confirm the 2D seismic survey interpretations conducted as part of the stage 1 exploration program.

#### EPC923 (Colton Project)

Drilling is ongoing at this project with the main focus being geotechnical investigations around proposed infrastructure sites and a large diameter 8" core quality program. A total of 15 core holes were drilled for a total of 2,269m during the six months to 31 January 2012.

The supplementary Environmental Management Plan (EMP) was lodged with the Queensland Department of Environment and Resource Management (DERM) on 21 September 2011 and DERM's assessment is ongoing.

A design program is underway for the Coal Handling and Preparation Plant, rail infrastructure and civil site works.

#### Yamala, Culgowie, Bee Creek

Negotiation of land access agreements is underway.

#### Mineral Exploration

Plans for the exploration drilling programs for Moonamarra (EPM18589) & Yanko (EPM 18582) tenements have been finalised, with drilling to commence in May 2012, following on from the gravity surveys conducted early last year.

Exploration permits for Courtenay (EPM18581) and Sherwood (EPM18592) have been granted.

# New Hope Corporation Limited and Controlled Entities

## Directors Report - 31 January 2012

### New Hope JORC Reserves and Resources (million tonnes)

Deposit	Inferred	Indicated	Measured	Total
New Acland*	10	435	410	855
Jandowae*	38	119		157
West Moreton*	11	72	48	131
Lenton*** ^	472	146	75	693
Bee Creek*	104			104
Elimatta**	50	101	108	259
Yamala** #	187	23	13	223
Maryborough**	60	16		76
<b>Total</b>	<b>932</b>	<b>912</b>	<b>654</b>	<b>2,498</b>

JORC compliant Resources have increased by 20% from 2,087 to 2,498 million tonnes due to an increase in the resource base at Lenton with exploration activities confirming an additional 387 million tonnes of inferred resources primarily the result of intersecting the Girrah seams in the south west corner of the tenements.

\* As of 31 March 2011 – depletion as a result of mining has not been calculated in the 9 months to January 2012

\*\* As of 31 October 2011

\*\*\* As of March 2012

^ Figures shown are 100% of total resources. New Hope share is 90%.

# Figures shown are 100% of total resources. New Hope share is currently 83%.

#### JORC Declaration

The estimates of coal resources herein (except for Maryborough) have been prepared in accordance with the guidelines of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources – The JORC Code”. These resources are inclusive of the reserves reported in the reserves statement. The work has been undertaken internally and externally and reviewed by Mr Phillip Bryant, Project Manager – New Lenton NHC and Member of AusIMM (no. 210566). Mr Bryant has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the JORC Code. Mr Bryant consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

#### JORC Declaration - Maryborough

The estimates of coal resources for Maryborough have been prepared in accordance with the guidelines of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources – The JORC Code”. These resources are inclusive of the reserves reported in the reserves statement. The work has been undertaken externally and reviewed by Mr Lyndon Pass of Encompass Mining and Member of AusIMM (no. 208403). Mr Pass has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the JORC Code. Mr Pass consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

### Coal to Synfuels

Manufacture in the United States of the ACT “Proof of Concept” indirect coal conversion plant is well advanced. Initial pre-commissioning of the gasifiers is anticipated to commence during March before shipment to Australia in May. The optimization of the liquefaction unit design is 90% complete and all key components have been ordered. Manufacture of the unit should be complete in July. Additionally, bulk earthworks at the Jeebropilly site, where the plant will be located, are currently nearing completion. Delivery of the complete plant from the United States is planned for the first quarter of New Hope’s financial year 2013 (third quarter calendar 2012).

The testing of various feedstock’s for the Quantex direct liquefaction technology continues in West Virginia with positive results. A new laboratory building has been completed and is now operational. The design for the next generation and scaled up continuous unit is well underway and scheduled for operation in the second half of calendar 2012.

### Land Development

Studies have been progressed regarding post-mining land use at the West Moreton operations. The intent is to rehabilitate these properties to urban and industrial land use where possible. The development approval for the Karalee site was obtained during the period. The development permit authorising the subdivision of the land into 25 lots and a preliminary approval for development of a business and technology park has been obtained.

# New Hope Corporation Limited and Controlled Entities

## Directors Report - 31 January 2012

### Formal Sale Process

On 5th October 2011, the company announced that in response to a number of preliminary and incomplete proposals from third parties relating to potential change of control transactions, the Board had decided to undertake a formal process to determine whether a proposal for New Hope was available at a price, and on terms, that were in the best interest of all New Hope shareholders.

Through to 29 February 2012, a number of third parties had been undertaking due diligence on New Hope. Discussions with those parties did not produce a definitive proposal which appropriately reflects New Hope's strategic value and growth prospects and therefore the process has been terminated.

With the conclusion of this process, the Board and management will continue to focus on New Hope's strategy to grow the company and to create shareholder value.

### Outlook

Benchmark contract prices for thermal coal are currently under negotiation in Japan and the outcome of these negotiations may affect the company's second half profitability along with changes in the AUD:USD exchange rate. Demand for thermal coal within Asia remains firm with Japan considering the future of nuclear power and the cost of domestic Chinese supply increasing.

Despite the volume of media attention given to new coal mine projects it is a fact that only two new greenfield coal mines have been developed in Queensland since 2007. The high capital cost of new mines and associated infrastructure in combination with delays in approval processes is dramatically increasing the cost of new supply. More importantly, the timetable of any new coal mine development is under pressure from intensified approval processes and any new supply may not be as forthcoming as has been predicted. Despite these industry wide trends New Hope is well positioned to grow due to its low cost of production, strong balance sheet and project pipeline.

### Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

### Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off in accordance with the Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

Signed in Sydney this 19th day of March 2012  
in accordance with a resolution of directors.

R.D. Millner  
Director

D.C. Williamson  
Director



### **Auditor's Independence Declaration**

As lead auditor for the review of New Hope Corporation Limited for the half year ended 31 January 2012, 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

Sydney  
19 March 2012

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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**New Hope Corporation Limited and Controlled Entities**

**Consolidated Statement of Comprehensive Income  
for the half-year ended 31 January 2012**

	Note	31 January 2012 \$000	31 January 2011 \$000
Revenue from continuing operations		388,450	336,210
Other income	3	73	466,261
		388,523	802,471
<b>Expenses</b>			
Cost of sales		(169,446)	(155,014)
Marketing and transportation		(71,135)	(63,594)
Administration		(10,812)	(7,769)
Other expenses	4	(35,251)	(1,530)
Share of net profit / (loss) of associate		(62)	-
		<b>101,817</b>	<b>574,564</b>
Income tax expense	5	(756)	(167,171)
		<b>101,061</b>	<b>407,393</b>
<b>Profit after income tax</b>			
Profit attributable to:			
New Hope Shareholders		101,065	407,393
Non-controlling interests		(4)	-
		<b>101,061</b>	<b>407,393</b>
<b>Other comprehensive income</b>			
Changes in the fair value of cash flow hedges, net of tax		106	8,649
Changes in the fair value of available for sale financial assets, net of tax		(19,302)	(308,793)
Other comprehensive income for the half year, net of tax		(19,196)	(300,144)
		<b>81,865</b>	<b>107,249</b>
<b>Total comprehensive income</b>			
Total comprehensive income attributable to:			
New Hope Shareholders		81,869	107,249
Non-controlling interests		(4)	-
		<b>81,865</b>	<b>107,249</b>

**Earnings per share for profit attributable to the ordinary equity holders of the Company**

	cents per share	cents per share
Basic earnings per share	12.2	49.1
Diluted earnings per share	12.1	49.1

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 2012**

	Note	31 January 2012 \$000	31 July 2011 \$000
<b>Current assets</b>			
Cash and cash equivalents		83,598	75,149
Receivables		47,068	110,962
Inventories		57,992	63,408
Held to maturity investments		1,389,514	1,599,552
Derivative financial instruments		26,611	31,880
Other		4,135	2,802
Total current assets		1,608,918	1,883,753
<b>Non current assets</b>			
Receivables		4,334	5,440
Investments accounted for using the equity method		31,807	31,825
Available for sale financial assets		65,814	92,389
Derivative financial instruments		14,228	8,807
Property, plant and equipment		658,046	664,201
Exploration and evaluation assets		19,461	8,085
Intangible assets		21,301	54,748
Total non current assets		814,991	865,495
<b>Total assets</b>		<b>2,423,909</b>	<b>2,749,248</b>
<b>Current liabilities</b>			
Payables		42,736	51,639
Current tax liabilities		12,601	166,270
Provisions		22,912	19,254
Total current liabilities		78,249	237,163
<b>Non current liabilities</b>			
Deferred tax liabilities		88,818	122,566
Provisions		22,027	22,136
Total non current liabilities		110,845	144,702
<b>Total liabilities</b>		<b>189,094</b>	<b>381,865</b>
<b>Net assets</b>		<b>2,234,815</b>	<b>2,367,383</b>
<b>Equity</b>			
Contributed equity	6	92,436	91,500
Reserves		49,035	73,851
Retained profits		2,092,868	2,157,849
Non-Controlling Interests		476	44,183
<b>Total equity</b>		<b>2,234,815</b>	<b>2,367,383</b>

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 2012**

	Contributed Equity \$000	Reserves \$000	Retained Earnings \$000	Non-controlling Interests \$000	Total \$000
<b>Balance as at 1 August 2010</b>	<b>81,426</b>	<b>406,304</b>	<b>1,851,795</b>	<b>-</b>	<b>2,339,525</b>
Profit for the year	-	-	407,393	-	407,393
Other comprehensive income	-	(300,144)	-	-	(300,144)
<b>Total comprehensive income for the half year</b>	<b>-</b>	<b>(300,144)</b>	<b>407,393</b>	<b>-</b>	<b>107,249</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the half year	7,274	-	-	-	7,274
Dividends provided for or paid	-	-	(37,361)	-	(37,361)
Special dividend provided for or paid	-	-	(116,232)	-	(116,232)
Net movement in share based payments reserve	-	(1,989)	-	-	(1,989)
<b>Balance as at 31 January 2011</b>	<b>88,700</b>	<b>104,171</b>	<b>2,105,595</b>	<b>-</b>	<b>2,298,466</b>
<b>Balance as at 1 August 2011</b>	<b>91,500</b>	<b>73,851</b>	<b>2,157,849</b>	<b>44,183</b>	<b>2,367,383</b>
Profit for the year	-	-	101,065	(4)	101,061
Other comprehensive income	-	(19,196)	-	-	(19,196)
<b>Total comprehensive income for the half year</b>	<b>-</b>	<b>(19,196)</b>	<b>101,065</b>	<b>(4)</b>	<b>81,865</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the half year	936	-	-	-	936
Dividends provided for or paid	-	-	(41,512)	-	(41,512)
Special dividend provided for or paid	-	-	(124,534)	-	(124,534)
Net movement in share based payments reserve	-	409	-	-	409
Premium paid on share acquisition	-	(6,029)	-	-	(6,029)
Disposal of non-controlling interests	-	-	-	(44,177)	(44,177)
Share of non-controlling interests	-	-	-	474	474
<b>Balance as at 31 January 2012</b>	<b>92,436</b>	<b>49,035</b>	<b>2,092,868</b>	<b>476</b>	<b>2,234,815</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 2012**

	<b>31 January 2012 \$000</b>	<b>31 January 2011 \$000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers inclusive of GST	347,938	324,823
Payments to suppliers and employees inclusive of GST	<u>(226,916)</u>	<u>(245,846)</u>
	121,022	78,977
Income taxes paid	<u>(180,933)</u>	<u>(46,692)</u>
<b>Net cash inflow / (outflow) from operating activities</b>	<u><b>(59,911)</b></u>	<u><b>32,285</b></u>
<b>Cash flows from investing activities</b>		
Payments for property, plant & equipment	(15,979)	(30,234)
Payments for intangible assets	-	(1,922)
Payment for exploration and evaluation activities	(11,376)	-
Payments for investments in available for sale financial assets	(235)	(19,845)
Payments for investments in associates	(708)	-
Net returns / (payments) for term deposits	199,647	(460,185)
Proceeds from sale of New Lenton Joint Venture	58,040	-
Proceeds from sale of property, plant & equipment	270	110
Proceeds from sale of investment	-	576,211
Interest received	56,635	44,862
<b>Net cash inflow / (outflow) from investing activities</b>	<u><b>286,294</b></u>	<u><b>108,997</b></u>
<b>Cash flows from financing activities</b>		
Net proceeds from issue of equity	-	5,260
Transactions with non controlling interests	(50,206)	-
Joint Venture partner contributions	474	-
Dividends paid	<u>(166,046)</u>	<u>(153,593)</u>
<b>Net cash inflow / (outflow) from financing activities</b>	<u><b>(215,778)</b></u>	<u><b>(148,333)</b></u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>10,605</b>	<b>(7,051)</b>
Cash and cash equivalents at the beginning of the half year	75,149	103,608
Effects of exchange rate changes on cash and cash equivalents	<u>(2,156)</u>	<u>(2,660)</u>
<b>Cash and cash equivalents at the end of the half year</b>	<u><b>83,598</b></u>	<u><b>93,897</b></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 2012

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

This general purpose interim financial report for the half-year reporting period ended 31 January 2012 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 2011 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.

#### (a) Impact of standards issued but not yet applied by the entity

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The company does not intend to early adopt. When adopted, the standard will affect in particular the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

	Note	31 January 2012 \$000	31 January 2011 \$000
<b>2. DIVIDENDS</b>			
Dividends provided for or paid during the half-year			
Ordinary dividend paid			
100% franked at a tax rate of 30% (2011 - 100% franked)		41,512	37,361
Special dividend paid			
100% franked at a tax rate of 30% (2011 - 100% franked)		124,534	116,232
		166,046	153,593

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 6.00 cents per fully paid ordinary share (2011 - 5.25 cents), fully franked on tax paid at 30%. The aggregate of the dividend expected to be paid on 2 May 2012 out of retained profits at 31 January 2012, but not recognised as a liability at the end of the half-year, is \$49,825,000.

	49,825	43,587
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### 3. OTHER INCOME

Profit from the Half Year includes the following items that are unusual because of their nature, size and incidence:

Profit on sale of non-current assets (i)	73	466,261
Details of non regular items included in Other Income		
(i) Gain on sale of Arrow Energy Limited Investment	-	466,192

### 4. OTHER EXPENSES

Profit from the Half Year includes the following items that are unusual because of their nature, size and incidence:

Other expenses includes the following items:

Impairment of goodwill (i)	7	33,387	-
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(i) The above impairment relates to goodwill previously recognised on the acquisition of Northern Energy Corporation Limited.

## New Hope Corporation Limited and Controlled Entities

### Notes to the Financial Statements for the half-year ended 31 January 2012

	Note	31 January 2012 \$000	31 January 2011 \$000
<b>5. INCOME TAX EXPENSE</b>			
<b>Numerical reconciliation of income tax expense to prima facie tax payable</b>			
Profit from continuing operations before income tax		101,817	574,564
Income tax calculated at 30% (2011 - 30%)		30,545	172,369
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Net capital gains		-	(3,020)
Goodwill impairment		10,016	-
Sundry items		1,612	82
		42,173	169,431
Under / (over) provided prior year		(3,069)	(2,260)
Tax consolidation benefit	7	(38,348)	-
Income tax expense		756	167,171

	31 January 2012 No. of shares	31 January 2012 \$000	31 July 2011 No. of shares	31 July 2011 \$000
<b>6. CONTRIBUTED EQUITY</b>				
<b>(a) Share Capital</b>				
Issued and paid up capital	830,411,534	92,436	830,230,549	91,500
<b>(b) Movements in share capital</b>				
Vesting of performance rights	180,985	936	-	-
Exercise of management options	-	-	2,500,000	5,260
Transfer of ESOP reserve to Equity	-	-	-	2,014
Net movement	180,985	936	2,500,000	7,274

#### 7. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 11 November 2011 Northern Energy Corporation Limited (NEC) became 100% owned by New Hope Corporation, with the remaining interest of 19.17% purchased for \$50,206,000. The acquisition was recognised by the Group as a decrease in non-controlling interests of \$44,177,000 and a decrease in equity reserves attributable to the owners of the parent of \$6,029,000.

As a result of 100% ownership being attained, NEC became part of the New Hope tax consolidated group.

Upon joining the tax consolidated group, NEC tax bases were reset which resulted in a reduction of \$38,348,000 in the deferred tax position. This indicator of impairment led to a reassessment of the carrying value of Goodwill and a subsequent impairment charge of \$33,387,000.

The overall impact on the Group profit after income tax was an increase of \$4,961,000. This amount is primarily attributable to the recognition of prior period losses that have become usable upon NEC joining the New Hope tax consolidated group.

# New Hope Corporation Limited and Controlled Entities

## Notes to the Financial Statements for the half-year ended 31 January 2012

### 8. FINANCIAL REPORTING SEGMENTS

#### (a) Description of segments

The Group has two reportable segments, namely Coal mining (including exploration, development, production, processing, associated transport infrastructure and ancillary activities) and Investments (including cash, held to maturity investments and available for sale financial assets). Current coal mining operations are managed as a single integrated coal chain including transportation and infrastructure.

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 coal mining operations.

Segment information is presented on the same basis as that used for internal reporting purposes. There are no significant transactions between the reportable segments.

#### (b) Segment information

	Coal mining \$000	Investments \$000	Total \$000
<b>Half year ended 31 January 2012</b>			
Total segment revenue - external customers	342,207	46,243	388,450
Reportable segment profit before income tax	55,636	46,181	101,817
Reportable segment assets	853,176	1,570,733	2,423,909
<b>Half year ended 31 January 2011</b>			
Total segment revenue - external customers	283,640	52,570	336,210
Reportable segment profit before income tax	55,733	52,639	108,372
Reportable segment assets	565,473	2,015,323	2,580,796
<b>31 January 2012</b>			
<b>\$000</b>			
Reconciliation of reportable segment profit and loss		<b>101,817</b>	<b>108,372</b>
Total profit for reportable segments		101,817	108,372
Non regular items			
Profit relating to sale of Arrow Energy Limited		-	466,192
Consolidated profit before income tax		101,817	574,564

### 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.

	14,997	15,017
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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

	10,317	11,892
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No losses are anticipated in respect of any of the above 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 7 to 14 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 2012 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

D.C. Williamson  
Director

Sydney  
19 March 2012



## **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 balance sheet as at 31 January 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the New Hope Corporation Limited Group (the consolidated entity). The consolidated entity comprises both New Hope Corporation Limited (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 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 Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 2012 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.

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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

**Independence**

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

**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 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001* .

PricewaterhouseCoopers

Simon Neill  
Partner

Sydney  
19 March 2012