



# New Hope Corporation Limited

## APPENDIX 4D & INTERIM REPORT 31 JANUARY 2020

### Contents

	Page
Results for announcement to the market	1
Directors' Report	2
Auditor's Independence Declaration	8
Consolidated Statement of Comprehensive Income	9
Consolidated Balance Sheet	10
Consolidated Statement of Changes in Equity	11
Consolidated Cash Flow Statement	12
Notes to the Financial Statements	13
Directors' Declaration	31
Independent Auditor's Review Report to the members	32

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 2019 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 2020

## Results for announcement to the market

	31 January 2020 \$000	31 January 2019 \$000	% Change
Revenue from continuing operations	<b>618,203</b>	616,690	+ 0.2%
Profit before income tax and non regular items <sup>1</sup>	<b>123,478</b>	228,886	- 46.1%
Profit after income tax before non regular items <sup>1</sup>	<b>86,375</b>	159,773	- 45.9%
Non regular items after tax <sup>1</sup>	<b>(16,591)</b>	(39,564)	+ 58.1%
Profit after income tax and non regular items from continuing operations	<b>69,784</b>	119,989	- 41.8%
Profit after income tax and non regular items attributable to New Hope shareholders	<b>69,784</b>	120,209	- 41.9%
Earnings per share before non regular items (cents)	<b>10.4</b>	19.2	- 45.8%
Earnings per share (cents)	<b>8.4</b>	14.4	- 41.7%
Net tangible asset backing per ordinary share	<b>223.4</b>	224.4	- 0.4%
Interim dividend declared - 100% franked	<b>6.0</b>	8.0	- 25.0%

The record date for the interim dividend declared is Tuesday, 21 April 2020.

<sup>1</sup> 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

- The Company continued to deliver strong safety performance for the first half of the year with a Total Recordable Injury Frequency Rate (TRIFR) of 3.6 in comparison to 9.9 recorded in the prior corresponding period;
- Strong growth in production from the Bengalla Mine which is now achieving annualised production output of more than 10 million tonne per annum;
- On 10 September 2019, the Queensland Court of Appeal found in New Hope's favour and dismissed the Oakey Coal Action Alliance's (OCAA) appeal. The orders requested by New Acland Coal Pty Ltd were granted on 1 November 2019. As a result of these orders there are no legal impediments to the Queensland Government issuing the requisite project approvals;
- Jeebropilly produced 0.2 million tonnes during the period, exhausting all remaining economically recoverable coal. As a result, mining operations concluded on 20 December 2019. A fit for change program was successfully delivered across the site to assist employees and their families to navigate the transition from being employed at the Jeebropilly site to the next stage of their lives. Jeebropilly has completed significant rehabilitation works during the period in line with its environmental commitments and desire to leave an enduring beneficial legacy for the local community.

## New Hope Corporation Limited and Controlled Entities Directors' Report - 31 January 2020

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

### 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 (resigned 25 November 2019)  
Mr I.M. Williams  
Mr S.O. Stephan

Consolidated results	January 2020 \$000	January 2019 \$000	%
			Change
Revenue from continuing operations	<b>618,203</b>	616,690	+ 0.2%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	<b>212,641</b>	285,155	- 25.4%
Profit before income tax and non regular items <sup>1</sup>	<b>123,478</b>	228,886	- 46.1%
Jeebropilly rehabilitation	<b>(20,984)</b>	-	
New Acland redundancies	<b>(6,090)</b>	-	
Recovery of rail costs	<b>1,936</b>	-	
Oil exploration asset impairments	<b>(3,006)</b>	-	
Onerous contract and related expenses	<b>(1,974)</b>	(11,940)	
Insurance proceeds from shiploader	-	2,370	
Gain on discontinued operation	-	220	
Acquisition costs expensed	-	(37,791)	
Transaction costs on guarantee facility	-	(4,367)	
Profit before income tax (after non regular items)	<b>93,360</b>	177,378	- 47.4%
Profit after income tax (before non regular items) <sup>1</sup>	<b>86,375</b>	159,773	- 45.9%
Jeebropilly rehabilitation	<b>(14,689)</b>	-	
New Acland redundancies	<b>(4,263)</b>	-	
Recovery of rail costs	<b>1,355</b>	-	
Oil exploration asset impairments	<b>(2,104)</b>	-	
Onerous contract and related expenses	<b>3,110</b>	(11,940)	
Insurance proceeds from shiploader	-	1,659	
Gain on discontinued operation	-	220	
Acquisition costs expensed	-	(26,446)	
Transaction costs on guarantee facility	-	(3,057)	
Profit after income tax and non regular items	<b>69,784</b>	120,209	- 41.9%
Profit attributable to New Hope Shareholders	<b>69,784</b>	120,209	- 41.9%
Basic earnings per share (cents) (before non regular items) <sup>1</sup>	<b>10.4</b>	19.2	- 45.8%
Jeebropilly rehabilitation	<b>(1.8)</b>	-	
New Acland redundancies	<b>(0.5)</b>	-	
Recovery of rail costs	<b>0.2</b>	-	
Oil exploration asset impairments	<b>(0.3)</b>	-	
Onerous contract and related expenses	<b>0.4</b>	(1.4)	
Insurance proceeds from shiploader	-	0.2	
Gain on discontinued operation	-	-	
Acquisition costs expensed	-	(3.2)	
Transaction costs on guarantee facility	-	(0.4)	
Basic earnings per share (cents) (after non regular items)	<b>8.4</b>	14.4	- 41.7%

<sup>1</sup> The profit measures before non regular items and the earnings per share before non regular items contained within this Directors' Report are not defined by IFRS and are a non-GAAP measure and have not been audited or reviewed in accordance with Australian Auditing Standards.

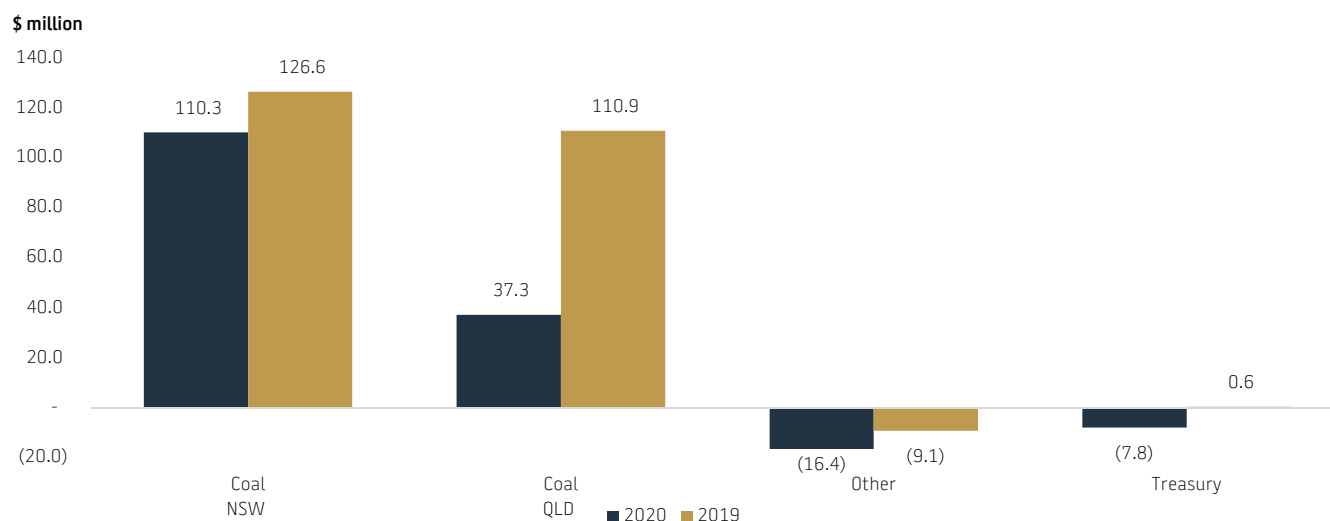
## New Hope Corporation Limited and Controlled Entities Directors' Report - 31 January 2020

### REVIEW OF OPERATIONS

The Company continued to deliver strong safety performance for the first half of the year with a TRIFR of 3.6 in comparison to 9.9 recorded for the prior corresponding period. The organisation is currently undertaking a critical risk control review and implementation across its operations.

New Hope recorded a net profit after tax and before non regular items for the first half of the 2020 financial year of \$86.4 million. This result represents a decrease of 46% on the \$159.8 million recorded in the six months to January 2019.

The contribution of the business operations to the profit before income tax and non regular items of \$123.5 million (2019: \$228.9 million) was:



Before non regular items, basic earnings for the six months ended 31 January 2020 were 10.4 cents per share compared to 19.2 cents per share for the previous corresponding period. After non regular items, basic earnings per share for the six months ended 31 January 2020 were 8.4 cents against 14.4 cents.

During the six months ended 31 January 2020, New Hope generated a strong cash operating surplus of \$166.6 million (before interest and tax), a decrease of 41%.

Directors have declared a fully franked interim dividend of 6.0 cents per share (2019: 8.0 cents per share) to be paid on Tuesday, 5 May 2020 to shareholders registered as at Tuesday, 21 April 2020.

The profit before non regular items for the first six months of the 2020 financial year was underpinned by increased production volumes from Bengalla as a result of the increased ownership interest (from 40% to 70% on 1 December 2018 and subsequently to 80% on 25 March 2019) and improved underlying production from the site, however this was offset by suppressed global coal prices across the half year and reduced production tonnes from the New Acland operation due to the ramp down of operations in October 2019.

Key revenue and profit results for the half year and prior corresponding period are disclosed in the table below.

Half Year Ended	31 January 2020			31 January 2019		
	Coal NSW \$ million	Coal QLD \$ million	Group \$ million	Coal NSW \$ million	Coal QLD \$ million	Group \$ million
Revenue from continuing operations	\$384.1	\$215.2	\$618.2	\$304.2	\$290.0	\$616.7
EBITDA	\$167.7	\$55.6	\$212.6	\$157.1	\$128.2	\$285.2
Profit before tax and non regular items	\$110.3	\$37.3	\$123.5	\$126.6	\$110.9	\$228.9
Sales tonnes (000 tonnes)	4,256	2,106	6,362	2,354	2,142	4,496

## New Hope Corporation Limited and Controlled Entities Directors' Report - 31 January 2020

### **BENGALLA MINE**

During the half year Bengalla produced 5.4 million tonnes (100%), with New Hope's share of production increasing by 84%, from 2.4 million tonnes at 31 January 2019 to 4.3 million tonnes at 31 January 2020. This is the highest recorded production level from the Bengalla operation over a six month period since the mine commenced operations. Bengalla is on target to deliver just over 10 million tonnes of production for the 2020 financial year.

During the recent bushfire season, Bengalla supported personnel who are active members of local Rural Fire Brigades to assist in firefighting activities as well as supporting the local brigades.

Key activities for the period included:

- Produced 5.4 million tonnes on a 100% basis;
- New Hope's share of production increased by 84%;
- Year to date TRIFR was 1.2 per million manhours; and
- Preparation for the three month planned maintenance shut down of the dragline commencing in July 2020.

### **NEW ACLAND COAL MINE**

The mine produced 1.6 million tonnes, which is down 0.3 million tonnes on the prior corresponding period due to a ramp down in operations as Stage 2 coal reserves are exhausted. As a result of the ramp down and exhaustion of stage 2 reserves, production for the full year is expected to be approximately 2.6 million tonnes.

From 1 November 2019, most activities now occur during day shift, mining truck fleet numbers were reduced, and coal processing operations have diminished from the previous two module plant operation to the use of a single module.

As a result of the delays in the approvals for Stage 3, New Acland was forced to make approximately 150 full time positions redundant.

Key activities for the period included:

- Redundancy and production ramp down completed;
- Approximately 150 full time positions exited the business;
- A strong focus on supporting employees through this difficult period;
- Rehabilitation continuing with focus on in pit tailings areas; and
- Preparation for the commencement of Stage 3, including installation of environmental monitoring equipment to meet the more stringent environmental conditions.

### **New Acland Stage 3 Development (NAC03)**

As a result of the lack of action from the Queensland Government in relation to progressing the approvals for NAC03, approximately 150 full time positions had to be made redundant from the New Acland mine at the end of October 2019.

On 10 September 2019, the Queensland Court of Appeal found in New Hope's favour and dismissed OCAA's appeal. The orders requested by New Acland Coal Pty Ltd were granted on 1 November 2019. As a result of these orders there are no legal impediments to the Queensland Government issuing the requisite project approvals.

Subsequently, OCAA has sought special leave to appeal to the High Court of Australia. OCAA is not challenging the Court of Appeal's findings against it on the substantive issues, only the final orders.

The Queensland Minister for Natural Resources, Mines and Energy has confirmed the State Government would wait for the result of High Court proceedings before deciding on the New Acland Stage 3 approvals. This is contrary to the normal historical practice of government not waiting for the completion of all legal appeal processes before deciding on the grant of approvals for mining projects.

The Company does not expect an initial decision from the High Court on whether it will allow OCAA's appeal to be heard until the second quarter of calendar year 2020.

## New Hope Corporation Limited and Controlled Entities Directors' Report - 31 January 2020

### **WEST MORETON OPERATIONS**

Jeebropilly produced 0.2 million tonnes during the period, exhausting all remaining economically recoverable coal. As a result, mining operations concluded on 20 December 2019.

A fit for change program was successfully delivered across the site to assist employees and their families to navigate the transition from being employed at the Jeebropilly site to the next stage of their lives.

There have been extensive rehabilitation activities in respect of the Underpass Pit at Jeebropilly as well as work on landform design and maintenance at the Jeebropilly mine during the half year. The wash-plant demobilisation was completed in March 2020, following the final washing of coal at Jeebropilly in November 2019.

Key activities for the period included:

- All economic coal was recovered from available mining areas;
- 140 hectares of land shaped and contoured in preparation for seeding;
- Successful delivery of the fit for change program to all employees and their families;
- CHPP demobilisation and removal process initiated; and
- Asset optimisation project plan scoped and initiated.

Rehabilitation activities at Oakleigh East included 150,000 bank cubic metres of material movement into the old Normanton Pit and the remnant tailings dam project being completed with it capped, shaped and seeded. The work is expected to be finalised by the end of calendar year 2020.

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

During the first six months of the financial year, 2.9 million tonnes of coal was exported through the QBH coal terminal at the Port of Brisbane, down 11% on the 3.2 million tonnes for the same period in 2019.

Key activities for the period included:

- Continued focus on health and safety with the site now over six years lost time injury (LTI) free; and
- Protective coating maintenance has been performed to protect and extend the life of critical infrastructure.

### **LENTON JOINT VENTURE BURTON MINE**

The Lenton Joint Venture Burton Mine has remained on care and maintenance during the half year ended 31 January 2020. The Company continues to evaluate a range of options for the project in the medium term.

Work has continued to progress on amendment applications to the Environment Authority (EA), Environment Protection and Biodiversity Conservation approval and the Associated Water Licence (AWL) application for the Lenton Project.

### **NORTH SURAT PROJECT**

The North Surat Project pre-feasibility study (consisting of Elimatta, Taroom, Collingwood and Woori tenements) was progressed during the half year ended 31 January 2020.

The Mining Lease (ML) applications for Elimatta have advanced with land access and compensation agreements finalised during the half year.

Updates to the geological models have continued, incorporating data obtained from the previous year's drilling campaign. Updated resource and reserve statements are expected to be finalised by 31 July 2020.

## New Hope Corporation Limited and Controlled Entities Directors' Report - 31 January 2020

### COLTON PROJECT UPDATE

On 17 October 2018, the Directors of the Company's wholly owned subsidiaries, Northern Energy Corporation Limited (NEC) and Colton Coal Pty Ltd (Colton) placed the entities into voluntary administration. NEC and Colton were subsequently placed into liquidation by creditors at a meeting on 26 July 2019.

Since the summary on pages 13 and 14 of the Company's Annual Report released on 17 October 2019 (2019 Annual Report) the following has occurred:

- On 5 December 2019, the Liquidators indicated that they intend to continue their investigations into NEC and Colton, which will include investigating whether NEC and Colton were trading whilst insolvent, and whether any claims exist in that regard;
- On 20 December 2019, the Court of Appeal in New South Wales confirmed the Supreme Court's declaration that the Company has not guaranteed the debts of NEC and Colton under the Company's Deed of Cross Guarantee (DOCG); and
- In January 2020, applications were made by WICET and by the Liquidators on behalf of NEC and Colton for special leave to appeal to the High Court of Australia in relation to the New South Wales Court of Appeal decision on the DOCG. If special leave is granted and the appeal was successful, the Company will be exposed to a liability under the DOCG of approximately \$155,000,000. The Group continues to deny this claim.

In acknowledging the ongoing matters associated with the liquidation, the Company has considered its position and has determined that \$16,000,000 remains the best estimate of the future probable net economic outflows that will be incurred as a result of the NEC and Colton liquidation process and has maintained a provision for this amount in its financial statements.

### OTHER COAL DEVELOPMENT EXPLORATION

In addition to the activities listed above, exploration activity focused on Bee Creek metallurgical coal tenements in Central Queensland, and geological models continue to be updated, incorporating new information from the 2019 drilling campaigns.

Total drill holes for the half year ended 31 January 2020, were 39 achieving total metres drilled of 7,879.

### PASTORAL OPERATIONS

Acland Pastoral operations received below average rainfall during the first half of the year, negatively impacting grazing pastures. This resulted in a supplement feeding regime being implemented. Forty hectares of irrigated sorghum and twenty hectares of irrigated millet was planted and is growing well.

Breeder numbers are 1,262 cows and 49 bulls. This season's calving is nearing an end, with approximately 1,000 calves on the ground. In addition, Acland Pastoral continues to feed and grow last year's weaner steers and heifers and after sales 276 weaner steers remain on the property, with a further 95 weaner heifers moved to Bengalla. Weaner steer and heifer sales over the last three months of the half, achieved an average price of \$1,000 per head.

Following the acquisition of a controlling interest in Bengalla, New Hope's land management expertise is being applied to the active management of agricultural land surrounding the Bengalla operation.

### BRIDGEPORT ENERGY LIMITED

Oil production totalled 186,284 barrels for the half year, broadly in line with the prior corresponding period in 2019. Well repair and intervention activities contributed to the stable production, with three new development wells drilled and completed which are expected to contribute to production performance in the second half.

Oil prices for the half year averaged A\$95 per barrel, a 4% decrease from the previous half year due to lower average Brent oil prices. Revenue for the business was \$15.8 million for the half year.

Key activities for the period included:

- Three development wells drilled late in the half year and all three have been cased and completed as future oil producers;
- Bridgeport's acquisition of the Senex interests in ATPs 736, 737 and 738 was completed and the first condition of the farmin agreement with Origin occurred during the half year;
- Continued efforts in respect of CO<sub>2</sub> injection and potential enhanced oil recovery processes at the Moonie field; and
- Impaired the ATP 948 and ATP 269 exploration assets, due to the anticipated relinquishment of these tenements.

**New Hope Corporation Limited and Controlled Entities**  
**Directors' Report - 31 January 2020**

**OUTLOOK**

Production from Bengalla is expected to underpin the result for the second half of the financial year, supported by ongoing contributions from the Acland operation. Work is continuing across the Group on optimally integrating Bengalla operations into the broader New Hope Group to achieve greater efficiency and productivity across all sites.

The Company will continue to pursue Acland Stage 3 approvals with the immediate aim of avoiding the need for further production cuts and associated job losses, and ultimately restoring production to full capacity. The Company continues to call on the Queensland Government to act in the public interest and support jobs for regional Queensland by immediately granting the required project approvals.

Thermal coal markets presently appear balanced despite the current uncertainty presented by the short to medium term impacts of COVID-19. Medium term demand for high quality thermal coal remains strong, particularly in Asian markets, with the Company's portfolio of mines and projects ideally situated to meet this demand.

Production volumes are expected to be slightly softer in the second half (largely attributable to Queensland operations) which will have a negative impact on unit costs. USD coal prices achieved in the second half of the year are expected to be lower than those achieved in the first half of the year, and when combined with the cost increases noted above are likely to deliver a lower profit contribution for the 2nd half of the financial year.

Signed in Sydney this 23rd day of March 2020 in accordance with a resolution of Directors.

R.D. Millner  
Director



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

23 March 2020

Dear Board Members

### **Auditor's Independence Declaration to New Hope Corporation Limited**

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 half year financial report of New Hope Corporation Limited for the half year ended 31 January 2020, 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

S Tarling  
Partner  
Chartered Accountant

**New Hope Corporation Limited and Controlled Entities**  
**Consolidated Statement of Comprehensive Income**  
**for the half year ended 31 January 2020**

	Note	31 January 2020 \$000	31 January 2019 \$000
Revenue from continuing operations		618,203	616,690
Other income	2	367	2,984
		<b>618,570</b>	619,674
<b>Expenses</b>			
Cost of sales		(405,994)	(298,419)
Marketing and transportation		(93,971)	(76,658)
Administration		(5,671)	(6,576)
Other expenses		(1,974)	(11,940)
Financing expenses	8(c)	(14,594)	(11,132)
Impairment of assets		(3,006)	-
Acquisition costs expensed	10	-	(37,791)
<b>Profit before income tax from continuing operations</b>		<b>93,360</b>	177,158
Income tax expense	3	(23,576)	(57,169)
<b>Profit after income tax from continuing operations</b>		<b>69,784</b>	119,989
Profit from discontinued operations	11	-	220
<b>Profit for the half year</b>		<b>69,784</b>	120,209
<b>Other comprehensive income/(loss) for the half year, net of tax</b>			
Items that may be reclassified to profit and loss:			
Changes to the fair value of cash flow hedges, net of tax		5,571	5,975
Transfer to profit and loss - cash flow hedges, net of tax		(9,092)	5,011
Items that will not be reclassified to profit and loss:			
Changes to the fair value of equity investments, net of tax		(99)	(317)
<b>Other comprehensive income/(loss) for the half year, net of tax</b>		<b>(3,620)</b>	10,669
<b>Total comprehensive income for the half year</b>		<b>66,164</b>	130,878
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company</b>			
Basic earnings per share (cents/share)		8.4	14.4
Diluted earnings per share (cents/chare)		8.4	14.4
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company</b>			
Basic earnings per share (cents/share)		8.4	14.4
Diluted earnings per share (cents/chare)		8.4	14.4

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 2020

	Note	31 January 2020 \$000	31 July 2019 \$000
<b>Current assets</b>			
Cash and cash equivalents		60,983	58,827
Receivables		112,335	108,069
Assets held for sale		1,685	-
Inventories		97,053	96,269
Current tax assets		10,311	-
<b>Total current assets</b>		<b>282,367</b>	263,165
<b>Non current assets</b>			
Receivables		420	1,056
Equity investments	6	624	723
Derivative financial instruments	6	-	190
Property, plant and equipment		2,180,029	2,138,233
Intangible assets		94,552	96,457
Exploration and evaluation assets		306,424	301,589
<b>Total non current assets</b>		<b>2,582,049</b>	2,538,248
<b>Total assets</b>		<b>2,864,416</b>	<b>2,801,413</b>
<b>Current liabilities</b>			
Accounts payable		84,720	108,701
Borrowings	8(a)	8,622	2,532
Current tax liabilities		-	5,817
Derivative financial instruments	6	15,615	10,774
Provisions	9	60,548	86,270
<b>Total current liabilities</b>		<b>169,505</b>	214,094
<b>Non current liabilities</b>			
Borrowings	8(a)	420,188	358,206
Deferred tax liabilities		61,439	52,633
Provisions	9	260,618	215,468
<b>Total non current liabilities</b>		<b>742,245</b>	626,307
<b>Total liabilities</b>		<b>911,750</b>	840,401
<b>Net assets</b>		<b>1,952,666</b>	1,961,012
<b>Equity</b>			
Contributed equity	5	96,692	96,315
Reserves		(6,630)	(2,977)
Retained profits		1,862,604	1,867,674
<b>Total equity</b>		<b>1,952,666</b>	1,961,012

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 2020**

	Note	Contributed Equity \$000	Reserves \$000	Retained Earnings \$000	Total \$000
<b>Balance as at 1 August 2019</b>		<b>96,315</b>	<b>(2,977)</b>	<b>1,867,674</b>	<b>1,961,012</b>
Profit for the half year		-	-	69,784	69,784
Other comprehensive loss		-	(3,620)	-	(3,620)
<b>Total comprehensive income for the half year</b>		<b>-</b>	<b>(3,620)</b>	<b>69,784</b>	<b>66,164</b>
<b>Transactions with owners in their capacity as owners</b>					
Dividends provided for or paid	4	-	-	(74,854)	(74,854)
Transfer from share based payment reserve		377	(377)	-	-
Net movement in share based payments reserve		-	344	-	344
		<b>377</b>	<b>(33)</b>	<b>(74,854)</b>	<b>(74,510)</b>
<b>Balance as at 31 January 2020</b>		<b>96,692</b>	<b>(6,630)</b>	<b>1,862,604</b>	<b>1,952,666</b>
Balance as at 1 August 2018		95,905	21,617	1,770,878	1,888,400
Reclassify equity investments from retained earnings to FVOCI on initial adoption of AASB 9		-	(27,861)	27,861	-
Restated balance as at 1 August 2018		95,905	(6,244)	1,798,739	1,888,400
Profit for the half year		-	-	120,209	120,209
Other comprehensive income		-	10,669	-	10,669
Total comprehensive income for the half year		-	10,669	120,209	130,878
<b>Transactions with owners in their capacity as owners</b>					
Dividends provided for or paid	4	-	-	(66,501)	(66,501)
Transfer from share based payment reserve		410	(410)	-	-
Net movement in share based payments reserve		-	392	-	392
		410	(18)	(66,501)	(66,109)
<b>Balance as at 31 January 2019</b>		<b>96,315</b>	<b>4,407</b>	<b>1,852,447</b>	<b>1,953,169</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 2020**

Note	31 January 2020 \$000	31 January 2019 \$000
<b>Cash flows from operating activities</b>		
Receipts from customers inclusive of GST	653,465	671,939
Payments to suppliers and employees inclusive of GST	(486,873)	(388,840)
	<b>166,592</b>	<b>283,099</b>
Payment of acquisition costs	-	(701)
Interest on lease liabilities	(1,814)	-
Net interest received / (paid)	(8,301)	1,456
Income taxes paid	(33,882)	(101,087)
<b>Net cash inflows from operating activities</b>	<b>122,595</b>	<b>182,767</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(38,580)	(30,259)
Payments for acquisition of business - Bengalla	-	(645,000)
Payments for intangibles	(152)	(69)
Payment for exploration and evaluation activities	(7,742)	(13,160)
Payment for security and bond guarantees	(65)	(32)
Proceeds from term deposits	-	205,000
Proceeds from sale of property, plant and equipment	436	262
Dividends received	1	1
Interest received	-	648
<b>Net cash outflow from investing activities</b>	<b>(46,102)</b>	<b>(482,609)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	115,000	465,000
Repayment of borrowings	(110,000)	(255,000)
Payments for debt establishment and transaction costs	-	(7,186)
Payments for guarantee establishment costs	-	(3,425)
Repayment of lease liabilities <sup>1</sup>	(6,395)	(1,210)
Dividends paid	(74,854)	(66,501)
	4	
<b>Net cash inflows / (outflows) from financing activities</b>	<b>(76,249)</b>	<b>131,678</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>244</b>	<b>(168,164)</b>
Cash and cash equivalents at the beginning of the period	58,827	274,975
Effects of exchange rate changes on cash and cash equivalents	1,912	(303)
<b>Cash and cash equivalents at the end of the half year</b>	<b>60,983</b>	<b>106,508</b>

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

<sup>1</sup> The prior year comparative represents amounts accounted for in respect of finance leases under *AASB 117 Leases*.

**New Hope Corporation Limited and Controlled Entities**  
**Notes to the Financial Statements**  
**for the half year ended 31 January 2020**

**BASIS OF PREPARATION OF HALF YEAR REPORT**

This general purpose interim financial report for the half year reporting period ended 31 January 2020 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 2019 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 interim financial report has been prepared on the basis that the Group is a going concern, able to realise assets in the ordinary course of business and settle liabilities as and when they fall due. Notwithstanding recent global market volatility as outlined in note 12, the Group has traditionally had strong operating cashflows and as at 31 January 2020 has unutilised facilities of \$175,000,000 which are capable of being drawn.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as disclosed in note 13.

**1. FINANCIAL REPORTING SEGMENTS**

**ACCOUNTING POLICY**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as comprising the Board, Managing Director (MD), Chief Operations Officer (COO), Chief Financial Officer (CFO) and Chief Development Officer (CDO).

The Group disaggregates revenue based on the geographical region to which goods and services are provided to customers. Outlined in note 1(c), is the disaggregation of the Group's revenue from contracts with customers, classified into each reportable segment.

**A. DESCRIPTION OF SEGMENTS**

The Group has three reportable segments, namely Coal mining in Queensland (including mining related production, processing, transportation, port operations and marketing), Coal mining in New South Wales (including mining related production, processing, transportation and marketing) and Other (including coal exploration, oil and gas related exploration, development, production and processing, pastoral operations and administration). Treasury and income tax expense have not been allocated to an operating segment and are reconciliation items.

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

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

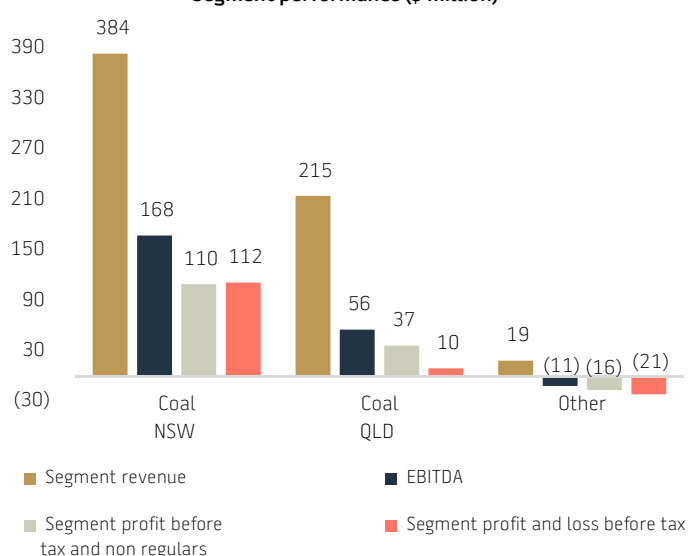
New Hope Corporation Limited and Controlled Entities  
Notes to the Financial Statements  
for the half year ended 31 January 2020

**1. FINANCIAL REPORTING SEGMENTS (CONTINUED)**

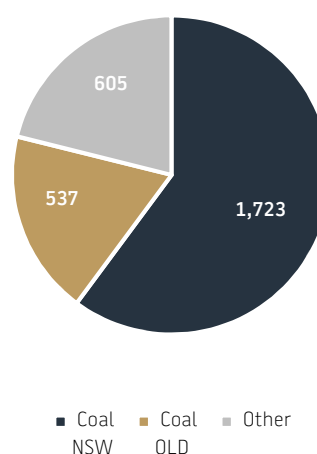
**B. SEGMENT INFORMATION**

Half year ended 31 January 2020	Note	Coal NSW \$000	Coal QLD \$000	Other \$000	Total \$000
Total segment revenue		384,074	215,155	34,309	633,538
Intersegment revenue		-	-	(15,741)	(15,741)
Revenue from external customers		384,074	215,155	18,568	617,797
Interest revenue					406
<b>Total revenue from external customers</b>					<b>618,203</b>
<b>Group EBITDA from continuing operations</b>					<b>212,641</b>
<b>Segment EBITDA from continuing operations</b>		<b>167,658</b>	<b>55,596</b>	<b>(11,106)</b>	<b>212,148</b>
Depreciation and amortisation		(57,238)	(16,324)	(5,237)	(78,799)
Interest expense		(114)	(1,949)	(36)	(2,099)
<b>Segment profit / (loss) before tax and non regular items from continuing operations</b>		<b>110,306</b>	<b>37,323</b>	<b>(16,379)</b>	<b>131,250</b>
Non regular items before tax <sup>1</sup>		1,937	(27,075)	(4,980)	(30,118)
<b>Segment profit / (loss) before tax (after non regular items) from continuing operations</b>		<b>112,243</b>	<b>10,248</b>	<b>(21,359)</b>	<b>101,132</b>
Treasury loss before income tax					(7,772)
<b>Profit before tax (after non regular items) from continuing operations</b>					<b>93,360</b>
Income tax expense					(23,576)
<b>Profit after tax and non regular items</b>					<b>69,784</b>
Profit from discontinued operations					-
<b>Profit after tax and non regular items</b>					<b>69,784</b>
<b>Reportable segment assets</b>		<b>1,722,533</b>	<b>536,604</b>	<b>605,279</b>	<b>2,864,416</b>
Total segment assets includes:					
Recognition of operating lease assets on adoption of AASB 16	13	7,389	59,345	1,830	68,564
Additions to non current assets		21,591	6,898	19,946	48,435

**Segment performance (\$ million)**



**Segment assets (\$ million)**

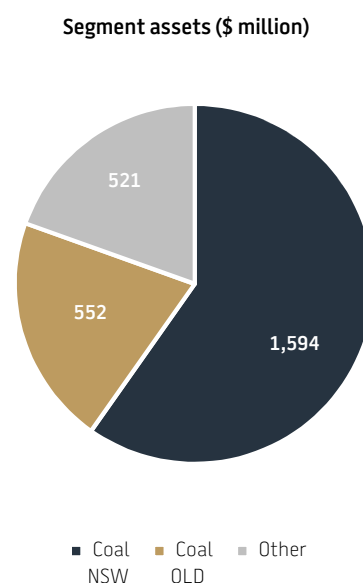
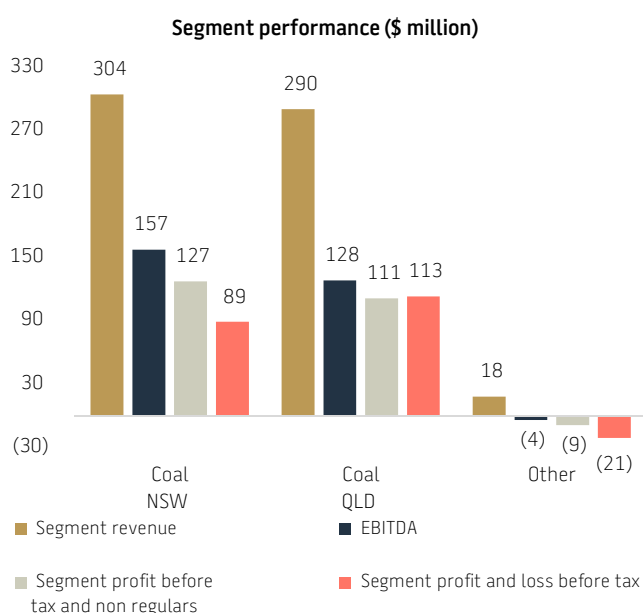


<sup>1</sup> Non regular items for the half year ended 31 January 2020 relate to Jeebropilly rehabilitation provision movements, New Acland redundancy costs, recovery of port costs, oil exploration asset impairments and onerous contract and related expenses.

**New Hope Corporation Limited and Controlled Entities**  
**Notes to the Financial Statements**  
**for the half year ended 31 January 2020**

**1. FINANCIAL REPORTING SEGMENTS (CONTINUED)**  
**B. SEGMENT INFORMATION (CONTINUED)**

Half year ended 31 January 2019	Coal NSW \$000	Coal QLD \$000	Other \$000	Total \$000
Total segment revenue	304,188	289,995	29,234	623,417
Intersegment revenue	-	-	(11,212)	(11,212)
Revenue from external customers	304,188	289,995	18,022	612,205
Interest revenue				4,485
Total revenue from external customers				616,690
Group EBITDA from continuing operations				285,155
Segment EBITDA from continuing operations	157,090	128,160	(4,055)	281,195
Depreciation and amortisation	(30,539)	(17,159)	(5,090)	(52,788)
Interest expense	(1)	(133)	-	(134)
Segment profit / (loss) before tax and non regular items from continuing operations	126,550	110,868	(9,145)	228,273
Non regular items before tax <sup>1</sup>	(37,791)	2,370	(11,940)	(47,361)
Segment profit / (loss) before tax (after non regular items) from continuing operations	88,759	113,238	(21,085)	180,912
Treasury loss before income tax				(3,754)
Profit before tax (after non regular items) from continuing operations				177,158
Income tax expense				(57,169)
Profit after tax and non regular items from continuing operations				119,989
Profit from discontinued operations				220
Profit after tax and non regular items				120,209
Reportable segment assets	1,593,557	551,594	521,180	2,666,331
Total segment assets includes:				
Additions to non current assets	637,479	17,668	21,879	677,026



<sup>1</sup> Non regular items for the half year ended 31 January 2019 relate to provisions movements associated with non-controlled subsidiaries and related costs, insurance proceeds, acquisition costs expensed and guarantee facility costs.



New Hope Corporation Limited and Controlled Entities  
Notes to the Financial Statements  
for the half year ended 31 January 2020

**1. FINANCIAL REPORTING SEGMENTS (CONTINUED)**

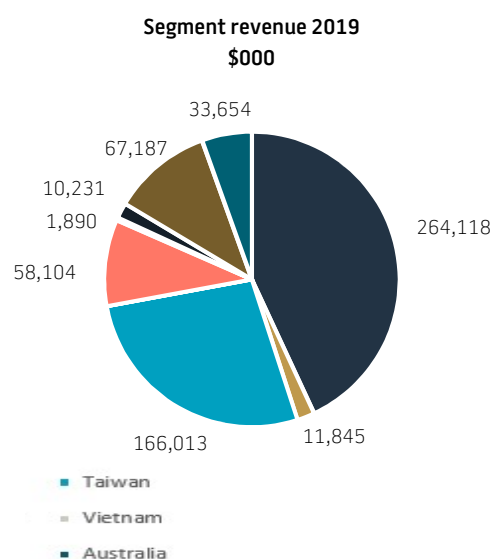
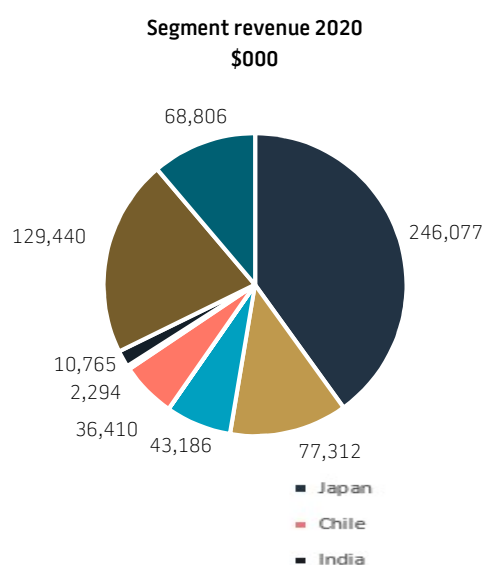
**C. OTHER SEGMENT INFORMATION**

(i) SEGMENT REVENUE

Half year ended 31 January 2020	Coal	Coal	Other	Total
	NSW	QLD		
	\$000	\$000	\$000	\$000
Total segment revenue by geographical location				
Japan	126,839	119,238	-	246,077
China	28,839	48,473	-	77,312
Taiwan	26,081	17,105	-	43,186
Korea	30,112	6,298	-	36,410
Vietnam	2,294	-	-	2,294
India	-	10,765	-	10,765
Other	129,440	-	-	129,440
Australia	41,023	11,567	16,216	68,806
<b>Revenue from customer contracts</b>	<b>384,628</b>	<b>213,446</b>	<b>16,216</b>	<b>614,290</b>
Other revenue				3,913
<b>Total revenue</b>				<b>618,203</b>

**Half year ended 31 January 2019**

Total segment revenue by geographical location				
Japan	143,101	121,017	-	264,118
China	3,042	8,803	-	11,845
Taiwan	47,517	118,496	-	166,013
Korea	37,250	20,854	-	58,104
Vietnam	1,890	-	-	1,890
India	10,231	-	-	10,231
Other	59,510	7,677	-	67,187
Australia	2,737	12,814	18,103	33,654
<b>Revenue from customer contracts</b>	<b>305,278</b>	<b>289,661</b>	<b>18,103</b>	<b>613,042</b>
Other revenue				3,648
<b>Total revenue</b>				<b>616,690</b>



New Hope Corporation Limited and Controlled Entities  
Notes to the Financial Statements  
for the half year ended 31 January 2020

	Note	31 January 2020 \$000	31 January 2019 \$000
<b>2. OTHER INCOME</b>			
Profit from the half year includes the following items that are unusual because of their nature, size and incidence:			
Insurance proceeds		24	2,883
Gain on sale of property, plant and equipment		343	101
		<b>367</b>	2,984

### 3. INCOME TAX EXPENSE

#### Numerical reconciliation of income tax expense to prima facie tax payable

Profit from continuing operations before income tax		93,360	177,158
Profit / (loss) from discontinuing operations before income tax		-	220
		<b>93,360</b>	177,378
Income tax calculated at 30% (2019: 30%)		<b>28,008</b>	53,213
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Non deductible provisions		-	3,575
Non-taxable profit from discontinuing operations		-	(66)
Sundry items		387	320
		<b>28,395</b>	57,042
Under / (over) provided prior year		<b>(4,819)</b>	127
Income tax expense		<b>23,576</b>	57,169
Income tax expense is attributable to:			
Profit from continuing operations		<b>23,576</b>	57,169
Loss from discontinued operations		-	-
		<b>23,576</b>	57,169

### 4. DIVIDENDS

Dividends provided for or paid during the half year:

Ordinary dividend paid			
100% franked at a tax rate of 30% (2019: 100% franked)		<b>74,854</b>	66,501

#### PROPOSED DIVIDEND

Since the end of the half year the Directors have declared an interim dividend of 6.0 cents per fully paid ordinary share (2019: 8.0 cents), fully franked on tax paid at 30%. The aggregate of the dividend expected to be paid on 5 May 2020 out of retained profits at 31 January 2020, but not recognised as a liability at the end of the half year, is \$49,902,000 (2019: \$66,501,000).

New Hope Corporation Limited and Controlled Entities  
Notes to the Financial Statements  
for the half year ended 31 January 2020

## 5. CONTRIBUTED EQUITY

	31 January 2020 No. of shares	31 January 2020 \$000	31 July 2019 No. of shares	31 July 2019 \$000
<b>A. SHARE CAPITAL</b>				
Issued and paid up capital	831,708,318	96,692	831,266,603	96,315
<b>B. MOVEMENTS IN SHARE CAPITAL</b>				
Vesting of performance rights	441,715	377	115,051	410

## 6. FINANCIAL RISK MANAGEMENT

### A. FAIR VALUE MEASUREMENTS

#### ACCOUNTING POLICY

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

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

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

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

	Level 1 \$000	Level 2 \$000	Total \$000
<b>2020</b>			
<b>Assets</b>			
Equity investments	624	-	624
	624	-	624
<b>Liabilities</b>			
Derivatives used for hedging	-	15,615	15,615
	-	15,615	15,615
<b>2019</b>			
<b>Assets</b>			
Derivatives used for hedging	-	190	190
Trade receivables - provisionally priced	-	19,285	19,285
Equity securities	723	-	723
	723	19,475	20,198
<b>Liabilities</b>			
Derivatives used for hedging	-	10,774	10,774
	-	10,774	10,774

The fair value of financial instruments traded in active markets (such as equity investments) 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 fair value of trade receivables on provisionally priced sales is determined with reference to market pricing and contractual terms at the reporting date.

**New Hope Corporation Limited and Controlled Entities**  
**Notes to the Financial Statements**  
**for the half year ended 31 January 2020**

## **7. PROPERTY, PLANT AND EQUIPMENT**

### **SIGNIFICANT JUDGEMENTS AND ESTIMATES - IMPAIRMENT OF ASSETS**

#### **A. IMPAIRMENT ASSESSMENT**

All property, plant and equipment must also be tested for impairment when impairment indicators are identified.

Judgement is involved in assessing whether there are indicators of impairment of property, plant and equipment including in relation to the impact of events or changes in circumstances.

#### **B. NEW ACLAND STAGE 3 APPROVALS**

A number of uncertainties associated with the approvals timeline and conditionality of the New Acland Coal Stage 3 project (NAC03 or Stage 3) remain at 31 January 2020. Consistent with the position outlined in the financial report for the previous year ended 31 July 2019, the significant delays in the approval process, which have the potential to delay the commencement of NAC03, have been assessed to be an indicator of potential impairment of the QLD coal mining CGU assets.

A summary of the key events pertaining to NAC03 project approvals are:

- On 31 May 2017, the Land Court recommended that the EA and ML for the project not be granted;
- On 14 February 2018, the Chief Executive of DEHP made a decision to refuse the application for amendment of the EA;
- On 28 May 2018 the Supreme Court of Queensland ruled in favour of New Acland with the key orders being:
  - The decisions made by the Land Court on 31 May 2017 recommending rejection of the ML applications for NAC03, and for the refusal of the application for amendment of the EA, were set aside with effect from 31 May 2017;
  - The decision of the Chief Executive of DEHP to refuse the application for an amendment of the EA was set aside with effect from 14 February 2018; and
  - The recommendations of the Land Court in respect of groundwater and intergenerational equity (as it relates to groundwater) were held to be not relevant for consideration by the Land Court and that the matter of noise required further consideration by the Land Court.
- A hearing of the Land Court, in accordance with the instructions of the Supreme Court from the Judicial Review, was held in early October 2018 with a decision handed down on 7 November 2018. The Land Court conditionally recommended that the ML and EA amendment be granted subject to certain conditions including the Coordinator-General first amending the noise limit conditions to 35 dBA in the evening and night with the Department of Environment and Science (DES) incorporating the changes in the amendment of the EA by 31 May 2019;
- The AWL application process re-started during July 2018 following engagement with the Department of Natural Resources, Mines and Energy (DNRM). On 19 January 2019, NAC lodged an Amended AWL application which has now progressed through public consultation and is with the Minister for decision;
- On 12 February 2019, NAC received a change report from the Coordinator-General in respect of the noise conditions for NAC03. On 15 February 2019, DES confirmed that the change report had satisfied all of the preconditions imposed by the Land Court for the approval of the ML and amendments to the EA and the EA was granted on 12 March 2019;
- The Supreme Court of Queensland decision was appealed by OCAA. On 10 September 2019, the Queensland Court of Appeal found in New Acland's favour and dismissed the OCAA appeal. The orders requested by New Acland were granted on 1 November 2019. As a result of these orders there are no legal impediments to the Queensland Government issuing the requisite project approvals;
- With approvals not forthcoming by 1 September 2019 New Acland completed a partial redundancy process;
- Subsequently, OCAA have sought special leave to appeal to the High Court of Australia in respect of the orders issued by the Queensland Court of Appeal. OCAA have no further legal avenues for appeal in relation to this process should the request for special leave be denied. If the appeal is successful and ultimately the hearing of the High Court is found in favour of OCAA the NAC03 approvals will likely be remitted to the Land Court;
- The NAC03 project requires a Regional Interests Development Approval (RIDA) in accordance with the *Regional Planning Interests Act 2014*. New Acland has been progressing this application with public submissions closing on 17 January 2020. The Department of State Development, Manufacturing, Infrastructure and Planning has since issued an information request with a response due in June 2020;
- The Minister for Natural Resources has indicated that a decision on the ML and the AWL will not be forthcoming while the appeal to the High Court of Australia remains outstanding.

New Hope Corporation Limited and Controlled Entities  
Notes to the Financial Statements  
for the half year ended 31 January 2020

## 7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### SIGNIFICANT JUDGEMENTS AND ESTIMATES - IMPAIRMENT OF ASSETS (CONTINUED)

The Company has undertaken a detailed assessment regarding impairment as required under AASB 136 for the year half ended 31 January 2020. The Company carefully considered the potential impact that recent developments in the legal and regulatory environment may have and the possibility of any resultant impacts on future cash flows.

The fair value discounted cash flow models prepared for the CGU have confirmed the recoverable amount exceeds the carrying value. The updated models include assumptions relating to approval timelines and coal price as follows:

#### (i) Approvals and timelines

The assumptions of the impairment assessment reflect that once approvals are granted NAC03 operates for the full life of mine. The conditions on which the NAC03 project is approved may impact on the judgements made by the Company including the tonnes recoverable over the life of mine which may impact the recoverable value.

The Company has considered a number of impairment assessment scenarios with varying assumptions as to when production commences from Stage 3 operations as well as the level of reserves recovered over the life of the Stage 3 operations. For scenarios that assume higher coal recoveries a production gap of at least three years can occur while maintaining a recoverable amount in excess of the QLD coal mining CGU carrying value. In lower recovery scenarios, the recoverable amount remains in excess of carrying value where approvals are received in 2020.

#### (ii) Coal price assumptions

Short term coal prices have declined since 31 July 2019 while long term indications of pricing have remained largely consistent. The coal price range for assessments at 31 January 2020 is US\$55 – US\$131 per tonne (nominal basis).

In undertaking its impairment assessment, the Company has considered the potential impact of climate change risk on the future cash flows contained within the fair value discounted cash flow model. These risks include the potential impact on future coal prices of changes in market supply and demand dynamics over the life of NAC03, and the potential for cost volatility associated with factors such as climate change related regulatory changes and/or market participation by suppliers of services to the Company.

These types of risks are taken into account in a variety of ways which include the use of forecast commodity prices and industry risk measures as an input into the calculation of the discount rate applied against future cash flows. In addition, given the near term timing and expected life of the project, the Company does not consider there to be significant risk of climate change materially impacting project outcomes once current approvals are received.

Having due regard to all relevant information, the Company has concluded that none of these matters, either individually or in aggregate, result in the recoverable amount for the CGU being below its carrying value. As a result of the impairment assessment undertaken there are no impairments required in relation to the assets of the QLD coal mining CGU as at 31 January 2020.

The carrying value of the QLD coal mining CGU's assets is set out below:

	31 January 2020 \$000	31 July 2019 \$000
<i>Property, plant and equipment</i>		
Land and buildings	55,390	56,193
Plant and equipment	86,035	98,025
Mine reserves, leases and development assets	1,908	2,887
Plant under construction	52,559	49,495
<i>Intangibles</i>		
Software	845	887
<i>Exploration and evaluation</i>		
Exploration and evaluation at cost	44,067	42,025
<b>Total carrying value</b>	<b>240,804</b>	<b>249,512</b>

New Hope Corporation Limited and Controlled Entities  
Notes to the Financial Statements  
for the half year ended 31 January 2020

## 7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### SIGNIFICANT JUDGEMENTS AND ESTIMATES - IMPAIRMENT OF ASSETS (CONTINUED)

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

The financial statements have been prepared on the basis that approvals are granted within a reasonable time period, and as a result, there is no significant impact on the value recoverable from the project and therefore the QLD coal mining CGU at 31 January 2020. In the event that future events have a negative impact on the recoverable value of the QLD coal mining operations CGU, the assets of that CGU may be subject to impairment.

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

The carrying value of the port operations CGU's assets is set out below:

	31 January 2020 \$000	31 July 2019 \$000
<i>Property, plant and equipment</i>		
Land and buildings	1,579	1,617
Plant and equipment <sup>1</sup>	137,327	80,552
Port development	11,111	11,367
Plant under construction	377	1,556
<i>Intangibles</i>		
Software	98	112
Goodwill	5,596	5,596
<b>Total carrying value</b>	<b>156,088</b>	<b>100,800</b>

<sup>1</sup> The Plant and equipment balance includes right-of-use assets recognised on adoption of AASB 16 on 1 August 2019.

New Hope Corporation Limited and Controlled Entities  
Notes to the Financial Statements  
for the half year ended 31 January 2020

## 8. BORROWINGS

### A. INTEREST-BEARING LOANS

#### ACCOUNTING POLICY

Borrowings are initially recognised at fair value, net of any transactions costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the term of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the term of the facility to which it relates.

Borrowings are classified as current liabilities to the extent that the Group has no unconditional right to defer settlement of the liability for at least 12 months after the balance date.

	31 January 2020 \$000	31 July 2019 \$000
<b>Current liabilities</b>		
Lease liabilities <sup>1</sup>	8,622	2,532
	<b>8,622</b>	2,532
<b>Non-current liabilities</b>		
Lease liabilities <sup>1</sup>	61,202	5,258
Secured loans	358,986	352,948
	<b>420,188</b>	358,206
	<b>428,810</b>	360,738
Financing facilities	540,000	570,000
Facilities utilised at reporting date	365,000	360,000
Facilities not utilised at reporting date	175,000	210,000

Prior year transaction costs incurred in obtaining the secured loans above are \$8,436,000. Amortisation of the transaction costs during the period of \$1,038,000 (2019: \$337,000) was recorded as financing expenses in the Statement of Comprehensive Income. As at 31 January 2020, the transaction costs balance was \$6,014,000 and offset against the secured loans balance.

#### FINANCING ACTIVITIES DURING THE PERIOD

The Group's secured loan facility is with a syndicate of Australian and international banks. The facility is comprised of a \$540,000,000 drawable amortising facility and a \$300,000,000 credit support facility. The facility's drawable line for credit is for general corporate purposes and has a maturity of November 2023.

During the current half year, \$110,000,000 of debt drawn under the facility was repaid.

Arising from the adoption of *AASB 16 Leases*, lease liabilities with a value \$68,564,000 were recognised on 1 August 2019. Refer to note 13 for details.

The fair values of interest bearing liabilities materially approximate their respective carrying values as at 31 January 2020.

#### (i) SECURED LIABILITIES AND ASSETS PLEDGED AS SECURITY

The secured facility holds a fixed and floating charge over all assets held by the Group (with the exception of excluded subsidiaries). The excluded subsidiaries include the following controlled subsidiaries Bridgeport Energy Limited, Bridgeport Eromanga Pty Ltd, Bridgeport (Cooper Basin) Pty Ltd, Bridgeport (QLD) Pty Ltd, Bridgeport Surat Basin Pty Ltd, Oilwells Inc of Kentucky and Oilwells Sole Risk Pty Ltd as well as previously controlled subsidiaries NEC and Colton. Lessors hold first rights in respect of leased assets.

<sup>1</sup> The prior year comparative represents amounts accounted for in respect of finance leases under *AASB 117 Leases*.

New Hope Corporation Limited and Controlled Entities  
Notes to the Financial Statements  
for the half year ended 31 January 2020

## 8. BORROWINGS (CONTINUED)

### B. LEASE LIABILITIES

#### ACCOUNTING POLICY

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable under residual value guarantees;
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in borrowings in the Balance Sheet.

	Note	31 January 2020 \$000	31 July 2019 \$000
<i>Commitments in relation to leases are payable as follows<sup>1</sup>:</i>			
Within one year		11,846	2,767
Later than one year but not later than five years		18,747	5,353
Later than five years		77,827	-
Minimum lease payments		108,420	8,120
Future finance charges		(38,596)	(330)
<b>Total lease liability</b>	13	<b>69,824</b>	<b>7,790</b>
<i>The present value of lease liabilities is as follows<sup>1</sup>:</i>			
Within one year		8,622	2,532
Later than one year but not later than five years		10,535	5,258
Later than five years		50,667	-
<b>Total lease liability</b>	13	<b>69,824</b>	<b>7,790</b>

#### SECURED LIABILITY

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. No other assets are pledged as security for the lease liability.

<sup>1</sup> The prior year comparative represents amounts accounted for in respect of finance leases under AASB 117 Leases.



**New Hope Corporation Limited and Controlled Entities**  
**Notes to the Financial Statements**  
**for the half year ended 31 January 2020**

## 8. BORROWINGS (CONTINUED)

### C. FINANCE INCOME AND EXPENSE

#### ACCOUNTING POLICY

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, interest expenses in relation to leases. All finance expenses are recognised as expenses in the period in which they are incurred unless they relate to the construction of a qualifying asset and are then capitalised. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

	31 January 2020 \$000	31 January 2019 \$000
<i>Recognised in the statement of comprehensive income</i>		
Interest income	476	4,574
Finance income	476	4,574
Interest expense on lease liabilities <sup>1</sup>	(1,814)	(173)
Interest on drawn debt facility	(7,302)	(2,973)
Amortisation of transaction costs on borrowings	(1,038)	(337)
Transaction costs of bank guarantees	-	(4,367)
Commitment fees on borrowings	(1,226)	(521)
Unwinding of discount on provisions	(2,701)	(2,628)
Other financing costs	(513)	(133)
Net financing expenses	(14,594)	(11,132)

### D. CONTINGENT LIABILITIES

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

	31 January 2020 \$000	31 July 2019 \$000
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.	17,507	11,318
The Company's share of security provided by the bankers of the Bengalla Joint Venture in respect of bank guarantees provided to rail and port suppliers.	14,204	13,422
<b>LINES OF CREDIT</b>		
Unrestricted access was available at balance date to the following lines of credit:		
Guarantee facility - available	300,000	300,000
Guarantee facility - utilised	239,164	220,975
	60,836	79,025
The parent entity has given unsecured guarantees in respect of:		
(i) Mining restoration and rehabilitation	221,587	209,657
The liability has been recognised by the Group in relation to its rehabilitation obligations. There has been additional financial assurance provided in relation to the Jeebropilly Operation in March 2020. Please refer to note 9 for details of the rehabilitation provision associated with this operation.		
(ii) Statutory body suppliers, financiers and various other entities	31,711	24,740
No liability was recognised by the consolidated entity in relation to these guarantees as no losses are foreseen on these contingent liabilities.		

Other than the above, the matters set out in note 9(a) of these accounts and the matters set out in note 13(d) of the Group's financial statements for the year ended 31 July 2019 (on page 82 of the Company's Annual Report released on 17 October 2019) there are no other contingent liabilities of the Group as at 31 January 2020.

<sup>1</sup> The prior year comparative represents amounts accounted for in respect of finance leases under *AASB 117 Leases*.

**New Hope Corporation Limited and Controlled Entities**  
**Notes to the Financial Statements**  
**for the half year ended 31 January 2020**

## 9. PROVISIONS

	Employee benefits \$000	Restoration / rehabilitation \$000	Other \$000	Total \$000
<b>2020</b>				
Current	36,701	7,847	16,000	60,548
Non-current	6,564	254,054	-	260,618
	<b>43,265</b>	<b>261,901</b>	<b>16,000</b>	<b>321,166</b>
<b>2019</b>				
Current	52,553	17,717	16,000	86,270
Non-current	7,323	208,145	-	215,468
	59,876	225,862	16,000	301,738

### SIGNIFICANT JUDGEMENTS AND ESTIMATES - PROVISIONS

During the half year the Jeebropilly Operation lodged a revised estimated rehabilitation calculation (ERC) with the DES. As a result, in January 2020, Jeebropilly Collieries Pty Ltd (Jeebropilly) was issued with a notice requesting additional financial assurance to be provided of \$65,659,000 which was lodged by 4 March 2020 however is not yet reflected in the contingent liabilities provided in note 8(d). As a result of the changes in the ERC the rehabilitation provision has been reassessed and increased during the half year to \$39,525,000 representing the Company's best estimate of future probable economic outflows to settle the obligation. The impact on cost of sales in the Statement of Comprehensive Income to 31 January 2020 is \$20,984,000.

The Company has made judgements in respect of the probable future cash outflows associated with this rehabilitation based on the intentions of the Jeebropilly Operations in respect of the previously mined areas. The Jeebropilly Operation ceased activities in November 2019. There are presently multiple commercial transactions which may influence the final land use of the areas previously mined at Jeebropilly and these have been relevantly considered in determining the likelihood and potential timing of rehabilitation activities. In addition, the Company has intentions to amend its final land use position through amendments to its EA later in 2020 which have also been considered.

Further progress in relation to the proposed amendments or the status of the commercial transactions may reduce the current rehabilitation provision. In the event the Company is unable to secure the proposed amendments, and or complete one or more of the commercial transactions, additional provisions may be required.

### A. OTHER PROVISIONS

The Directors of NEC and Colton placed the companies into voluntary administration on 17 October 2018. The companies were subsequently placed into liquidation by creditors at a meeting on 26 July 2019. The Group has recognised a provision for \$16,000,000 (31 July 2019: \$16,000,000) which it considers is the best estimate of the future probable net economic outflows associated with the NEC and Colton liquidation process. A summary of developments during the half year ended 31 January 2020 associated with this matter, to be considered in conjunction with note 13(d) of the Group's financial statements for the year ended 31 July 2019 (on page 82 of the Company's Annual Report released on 17 October 2019), are outlined below:

### DEED OF CROSS GUARANTEE PROCEEDINGS

- On 20 August 2019, WICET and the Liquidators on behalf of NEC and Colton filed appeals with the Court of Appeal in New South Wales in relation to the Supreme Court's decision on the DOCG;
- On 20 December 2019, the Court of Appeal in New South Wales confirmed the Supreme Court's declaration that the Company has not guaranteed the debts of NEC and Colton under the DOCG; and
- In January 2020, applications were made by WICET and by the Liquidators on behalf of NEC and Colton for special leave to appeal to the High Court of Australia in relation to the New South Wales Court of Appeal decision. If special leave is granted and the appeal is successful, the Group will be exposed to a liability under the DOCG of approximately \$155,000,000. The Group continues to deny this claim.

**New Hope Corporation Limited and Controlled Entities**  
**Notes to the Financial Statements**  
**for the half year ended 31 January 2020**

## **9. PROVISIONS (CONTINUED)**

### **A. OTHER PROVISIONS (CONTINUED)**

#### **ADMINISTRATION / LIQUIDATION PROCESS**

On 5 December 2019, the Liquidators indicated that they intend to continue their investigations into NEC and Colton, which will include investigating whether NEC and Colton were trading whilst insolvent, and whether any claims exist in that regard.

In acknowledging the ongoing matters associated with the liquidation of NEC and Colton, the Company has considered its position and has determined that \$16,000,000 remains the best estimate of the future probable net economic outflows that will be incurred as a result of the liquidation process. Although the Deed of Company Arrangement has lapsed following the second meeting of creditors in July 2019, the Company has not withdrawn the proposal and considers it to represent a present obligation that should be maintained as a provision.

## **10. BUSINESS COMBINATION**

### **ACCOUNTING POLICY**

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured at fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

**New Hope Corporation Limited and Controlled Entities**  
**Notes to the Financial Statements**  
**for the half year ended 31 January 2020**

## 10. BUSINESS COMBINATION (CONTINUED)

### A. SUMMARY OF ACQUISITION

On 3 December 2018, New Hope Corporation Limited's wholly owned subsidiary, New Hope Bengalla Pty Ltd, settled the acquisition of an additional 30% of the assets and liabilities of the Bengalla Joint Venture. This acquisition was effective on 1 December 2018. The Bengalla Joint Venture is a coal mining and extraction operation producing thermal coal in the Hunter Valley, New South Wales in which New Hope Bengalla Pty Ltd has held 40% since 1 March 2016.

Details of the purchase consideration and the net assets acquired are as follows:

	<b>31 January 2019 \$000</b>
<i>Purchase Consideration (refer b below)</i>	
Cash Paid	648,786
Purchase price adjustment receivable	(3,639)
Total Purchase Consideration	645,147
 <i>The fair value of assets and liabilities recognised as a result of the acquisition are as follows:</i>	
Cash	3,786
Receivables	13,721
Inventories	18,236
Property, Plant and Equipment	622,188
Intangibles	31,133
Accounts Payable & Accruals	(12,239)
Provisions	(31,678)
Net assets acquired	645,147

There were no acquisitions in the current period.

At the half year ended 31 January 2019, New Hope had also reached a binding commitment with Mitsui to purchase its 10% interest in the Bengalla Joint Venture for \$215,000,000. The Mitsui transaction finalised in March 2019.

#### *Revenue and profit contribution*

The acquired business contributed revenues of \$68,040,000 and profit before tax and non regular items from acquisition of \$30,162,000 to the Group for the period 1 December 2018 to 31 January 2019. The anticipated increase in production and sales tonnes annually are 2,700,000 tonnes.

### B. PURCHASE CONSIDERATION

Outflow of cash to acquire subsidiary, net of cash acquired					
Total cash consideration					648,786
Less: Balances acquired					
Cash					(3,786)
Outflow of cash – investing activities					645,000

It is noted that incidental costs of acquisition were incurred of \$37,791,000 (stamp duty \$32,574,000, financial advice \$4,516,000 and other costs of \$701,000) and these cash flows were recognised as outflows from operating activities in the prior period.

### SIGNIFICANT JUDGEMENT AND ESTIMATE - ACQUISITION FAIR VALUE

The determination of the fair values of net identifiable assets acquired, and of any goodwill, involves significant judgement. The allocation of fair value between intangible assets, and the tangible assets with which they are used, is also judgemental. The Group engages third-party valuers to advise on the purchase price allocation for significant acquisitions.

New Hope Corporation Limited and Controlled Entities  
Notes to the Financial Statements  
for the half year ended 31 January 2020

## 11. DISCONTINUED OPERATIONS

### ACCOUNTING POLICY

A discontinued operation is a component or subsidiary of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Statement of Comprehensive Income.

### A. DESCRIPTION

On 17 October 2018, two New Hope wholly owned subsidiaries, NEC and Colton were placed into voluntary administration. Effective on this date, the Group lost control over these subsidiaries. The financial information relating to the discontinued operations for the period to 17 October 2018 is set out below.

### B. FINANCIAL PERFORMANCE AND CASH FLOW

	31 January 2019 \$000
Revenue	26
Expenses	(2,828)
Loss before income tax	(2,802)
Income tax benefit	-
Loss after income tax of discontinued operations	(2,802)
Profit on loss of control of subsidiary after income tax (see (c) below)	3,022
<b>Profit / (loss) from discontinued operations</b>	<b>220</b>
<b>Other comprehensive income from discontinued operations</b>	<b>-</b>
Net cash outflow from operating activities	(329)
Net cash inflow / (outflow) from investing activities	26
Net cash inflow / (outflow) from financing activities	303
<b>Net cash inflow / (outflow) from discontinued operations</b>	<b>-</b>
	<b>Cents</b>
Basic earnings per share from discontinued operations	0.03
Diluted earnings per share from discontinued operations	0.03

### C. DETAILS OF THE DISPOSAL OF SUBSIDIARIES

Total consideration	-
Carrying amount of net liabilities	(3,022)
Profit before income tax	3,022
Income tax expense	-
<b>Profit on loss of control of subsidiary after income tax</b>	<b>3,022</b>

## 12. EVENTS OCCURRING AFTER THE REPORTING PERIOD

As outlined in note 8(d), the Group has provided additional financial assurance of \$65,659,000 to the Queensland State Government in March 2020 to meet the obligations required under the Financial Provisioning Scheme for this operation.

The Group is monitoring the potential impacts arising from the travel restrictions, workplace shutdowns and other measures which have been progressively imposed by various Governments from February 2020 onwards as a result of the COVID-19 outbreak. The Group also notes that from early March 2020 global markets have been subject to unusually large volatility which has resulted in declines in both the Group's share price and global oil prices from those prevailing at 31 January 2020.

These events are considered non-adjusting items for reporting purposes and have therefore not been recognised in the results for, or as at, the half year ended 31 January 2020. The aforementioned global volatility and COVID-19 outbreak, could materially impact the carrying value or amounts realised in respect of: coal and oil inventory, foreign currency derivatives, receivables, property plant and equipment, intangible assets, exploration and evaluations assets and other assets and liabilities (including recognition of additional liabilities such as onerous contracts) disclosed in the half year financial report. The Group cannot, however, reasonably estimate the impact of these potential items at this time. The Group continues to monitor market developments and will reflect any relevant impacts in the appropriate future reporting periods.

New Hope Corporation Limited and Controlled Entities  
Notes to the Financial Statements  
for the half year ended 31 January 2020

### 13. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of *AASB 16 Leases* and *Interpretation 23 - Uncertainty over Income Tax Treatments* on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 August 2019, where they are different to those applied in prior periods.

#### A. AASB 16 LEASES - IMPACT ON ADOPTION

*AASB 16 Leases* is mandatory for financial years commencing on or after 1 January 2019 and the date of first application of the standard for the Group is 1 August 2019. The cumulative catchup approach has been used and comparative amounts for the year ended 31 July 2019 will not be restated upon initial adoption. The right-of-use asset has been measured as equal to the right-of-use liability and therefore there is no retained earning opening adjustment.

On initial application of *AASB 16 Leases*, the Group has:

- i) Recognised lease liabilities in the consolidated statement of financial position, measured at present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application;
- ii) Recognised right-of-use assets in the Balance Sheet, at an amount equal to the lease liability at the date of initial application; and
- iii) Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated Statement of Comprehensive Income.

The only exceptions are short-term and low-value leases. The Group has applied a practical expedient such that any leases with a term less than 12 months at the date of initial adoption have been treated in line with short-term leases. Where the Group has previously identified an arrangement as a lease under *AASB 117 Leases* it has not reviewed these contracts and has treated these as leases under the new standard.

*AASB 16 Leases* primarily affects the accounting for the Group's operating leases. As at 31 July 2019, the Group held non-cancellable operating lease commitments. The Group holds within these lease commitments a number of short term leases and low value assets which will be recognised on a straight-line basis as an expense in profit or loss over the life of the lease. For the remaining lease commitments that exist at the reporting date, Balance Sheet right-of-use assets of \$68.6 million, with lease liabilities of \$68.6 million in respect of the initial adoption have been recognised in note 8(b).

In recognising these amounts, the Directors have made certain assumptions and judgements in relation to economic conditions including, but not limited to: the incremental borrowing rates (IBR), composition of the lease portfolio, and non-cancellable lease terms that may cause the actual output to differ from that concluded in 2020. The weighted average IBR adopted by the Group on adoption is 4.9%.

The adoption of *AASB 16 Leases* affects the Group's Statement of Comprehensive Income and classification of cash flows going forward. Operating cash flows are likely to increase and financing cash flows to decrease as repayment of the principal portion of the lease liabilities is classified as cash flows from financing activities. Interest costs associated with the lease liabilities remains classified as cash flows from operating activities.

Leases that were classified as finance leases applying *AASB 117 Leases*: the carrying amount of the leased assets and obligations under finance leases measured applying AASB 117 immediately before the date of initial application have been reclassified to right-of-use assets and lease liabilities respectively without any adjustments. The right-of-use asset and the lease liability are accounted for applying AASB 16 from 1 August 2019.

The impact on asset, liability and profit and loss accounts arising from initial adoption of AASB 16 is presented below:

	<b>31 January 2020 \$000</b>
<i>Initial Adoption</i>	
Finance lease assets previously accounted for under AASB 117	6,430
Operating lease assets on adoption of AASB 16	68,564
Total right-of-use assets recognised at 1 August 2019	74,994
Depreciation for the period	(7,078)
Right-of-use asset closing balance	67,916

New Hope Corporation Limited and Controlled Entities  
Notes to the Financial Statements  
for the half year ended 31 January 2020

### 13. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### A. AASB 16 LEASES - IMPACT ON ADOPTION (CONTINUED)

	31 January 2020 \$000
<i>Initial Adoption</i>	
Finance lease liabilities previously accounted for under AASB 117	7,790
Operating lease assets on adoption of AASB 16	68,564
<b>Total lease liabilities recognised at 1 August 2019</b>	<b>76,354</b>
Interest expense on lease liabilities	1,814
Instalments on lease liabilities	(8,344)
<b>Lease liability closing balance</b>	<b>69,824</b>
<i>Reconciliation of operating lease commitments to right-of-use asset and lease liability recognised on adoption of AASB 16</i>	
Operating lease commitments at 31 July 2019	57,250
Short term and low value lease commitments excluded on adoption of AASB 16	(1,814)
Property lease rent out-goings and related costs excluded on adoption of AASB 16	(466)
Commitment to restoration on leased property	163
Commitment arising from lease extension assumptions on adoption of AASB 16	53,509
<b>Total lease commitments at 1 August 2019</b>	<b>108,642</b>
Discount arising from incremental borrowing rate applied at the date of adoption at 1 August 2019	(40,078)
<b>Value of right-of-use assets and liabilities recognised on adoption of AASB 16</b>	<b>68,564</b>
<i>Amounts recognised in profit and loss</i>	
Depreciation expense on right-of-use assets	7,078
Interest expense on lease liabilities	1,814
Expense relating to short-term leases	1,309
Expense relating to leases of low value assets	152
<b>Total expense for leases recognised in profit and loss</b>	<b>10,352</b>

#### B. AASB 16 LEASES - ACCOUNTING POLICY PROPERTY, PLANT AND EQUIPMENT

The below provides the accounting policy that will be adopted by the Group in respect of lease assets which are recognised as property, plant and equipment by the Group from 1 August 2019.

At the commencement date of a lease (other than leases of 12 months or less and leases of low value assets), the Group recognise a lease asset representing its right of use to the underlying asset. Lease assets are initially recognised at cost, comprising the amount of the initial measure of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group and an estimate of the costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site or underlying asset to the condition required by the terms of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss. Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset.

## New Hope Corporation Limited and Controlled Entities Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 30 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 2020 and of its performance for the half year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

R.D. Millner  
Director

Sydney  
23 March 2020



## **Independent Auditor's Review Report to the Members of New Hope Corporation Limited**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of New Hope Corporation Limited ("the entity"), which comprises the consolidated balance sheet as at 31 January 2020, and the consolidated statement of comprehensive income, the consolidated statement of cash flows 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 entity 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 9 to 31.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the entity 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 entity's and consolidated entity's financial position as at 31 January 2020 and their 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 entity's and consolidated entity's financial position as at 31 January 2020 and of their 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

S Tarling  
Partner  
Chartered Accountants  
Brisbane, 23 March 2020