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# New Hope Corporation Limited

A.B.N. 38 010 653 844

## APPENDIX 4D & INTERIM REPORT 31st JANUARY 2008

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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 2007 and any public announcements made by New Hope Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

ASX Appendix 4D  
for the half-year ended 31st January 2008

Results for announcement to the market

	31 January 2008 \$000	31 January 2007 \$000	% Change
Revenue from ordinary activities	148,827	123,091	+ 20.9%
Profit before income tax	50,974	50,599	+ 0.7%
Profit from ordinary activities after income tax attributable to New Hope Shareholders (before non recurring items)	36,641	33,487	+ 9.4%
Net Profit attributable to New Hope shareholders (after non recurring items)	36,641	40,089	- 8.6%

	31 January 2008 cents per share	31 January 2007 cents per share	% Change
Earnings per share	4.5	5.0	- 8.9%
Interim dividend declared	2.25	2.1	+ 7.1%

	31 January 2008 cents per share	31 July 2007 cents per share	% Change
Net tangible asset backing per ordinary share	81.1	90.1	- 9.9%

- Sales revenue up 20.9% to \$148.8 million mainly due to higher export sales volumes in the six months.
- Operational profit up 9.4% to \$36.6 million due to higher production and sales volumes.
- Production from Acland and West Moreton mines up 21% to 2.17 million tonnes in the 6 months
- Tonnes sold of 2.3 million tonnes in the half year were 20% higher than in the 6 months ended January 2007
- Net profit attributable to shareholders (after non recurring items) for the six months to 31 January 2008 down by 8.6%. The 31 January 2007 half year result included a one off profit after tax of \$6.6 million on sale of land.
- Purchased the remaining 50% of Queensland Bulk Handling Pty Ltd on 1 August 2007.

Dividends

The Directors' have declared a dividend of 2.25 cents per share franked to 100% payable on 7th May 2008. The record date for the payment of the dividend is 21st April 2008. There is no dividend reinvestment plan in operation.

# New Hope Corporation Limited and Controlled Entities

## Directors Report - 31st January 2008

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 31st January 2008.

### 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

Consolidated Results	Jan 2008 \$000	Jan 2007 \$000	% Change
Revenue from operations	148,827	123,091	+ 20.9%
Profit before income tax	50,974	50,599	+ 0.7%
Profit from ordinary activities after income tax (before non recurring items)	36,641	33,487	+ 9.4%
Profit attributable to New Hope shareholders (after non recurring items)	36,641	40,089	- 8.6%
Earnings per share (cents)	4.5	5.0	- 8.9%

### Review of Operations

New Hope Corporation recorded a net profit after tax of \$36.6 million from its operations for the six months ended 31 January 2008. This was 9.4% higher than the 2007 half year operational result of \$33.5 million. The higher operational results benefited from higher production and sales tonnages, and higher average US dollar export selling prices, offset by a higher AUD:USD exchange rate and lower interest revenue for the period. The profit attributable to New Hope shareholders for the 6 months to January 2007 included a non recurring profit on the sale of surplus land of \$6.6 million.

Directors have declared an interim ordinary dividend of 2.25 cents per share fully franked and payable on the 7th May 2008 to shareholders registered at 21st April 2008.

### Mining Operations

New Hope's operations in South East Queensland produced 2.17 million tonnes of coal in the six months to 31 January 2008, a 21% increase on the 1.79 million tonnes produced in the prior corresponding period. Production from New Acland was up 59% to 1.9 million tonnes while the New Oakleigh operations produced 260,000 tonnes which was similar to the six months to January 2007 production.

Coal sales for the six months to 31 January 2008 were some 2.3 million tonnes, approximately 20% higher than the 1.9 million tonnes sold in the first six months of the 2007 financial year. Export sales volumes for the six months to 31 January 2008 were 37% higher than the previous corresponding period, whereas domestic sales were slightly lower.

The mine at New Acland is currently being expanded to increase production to the rate of 4.2 million tonnes per annum with effect from May 2008, subject to regulatory approvals. This would result in Acland's production for the 2007/08 year being approximately 3.9 million tonnes. A mining lease application has also been lodged to allow production to increase to 10 million tonnes per annum, subject to the availability of rail and port facilities. Approximately 789 million tonnes of insitu coal resources are estimated for New Acland in accordance with the JORC principles (note a).

During the period, New Hope entered into a long-term agreement to supply its New Acland mine with recycled water from Toowoomba City Council's Wetalla Water Reclamation Facility. The agreement effectively 'drought proofs' the mine and allows for the mine's planned expansions into the future. Supply of water will be by way of a 46 kilometre pipeline. Design work has commenced and the public consultation phase is underway. It is anticipated that the environmental impact statement will be lodged in early May 2008. The project is expected to be completed in 2009.

The New Oakleigh mine will continue to operate at the rate of 500,000 tonnes per annum up until late 2008 or early 2009. Buoyant coal prices have resulted in New Hope planning to recommence mining at the Jeebropilly operation in the third quarter of 2008 after ceasing mining operations in early 2007. The mine will operate at an initial rate of 500,000 tonnes per annum, which will offset the loss in production following the closure of New Oakleigh due to the depletion of reserves within its current mining lease.

# New Hope Corporation Limited and Controlled Entities

## Directors Report - 31st January 2008

### Port Operations

New Hope acquired the remaining 50% of Queensland Bulk Handling Pty Ltd (QBH) on 1st August 2007 for \$42.5 million. QBH loaded 2.8 million tonnes of coal for customers in the six months to 31 January 2008, a 33% increase over the 2.1 million tonnes loaded in the previous corresponding period. For calendar 2007, QBH loaded some 5.26 million tonnes through its Port of Brisbane facility, a new record tonnage for QBH. In doing so QBH remained essentially a demurrage free facility. QBH has commenced an expansion program to increase its throughput capacity to up to 7 million tonnes per annum. The expansion is expected to be completed in late 2010.

### Tarong Energy Project

In September 2007, Tarong Energy Corporation advised the Company that it would not be exercising its option to enter into a supply contract for coal from the New Acland mine. However Tarong Energy Corporation did assist New Hope by paying for a proportion of the Acland resource evaluation drilling and analysis, which resulted in the further definition of New Acland's extensive coal resource.

### Arrow Energy Limited

New Hope, through a share placement, purchased a further 8.57 million shares in Arrow Energy Limited during the half year to 31 January 2008. As at 31 January 2008 New Hope's interest in Arrow was worth \$209.2 million, (based on a closing market price on 31 January 2008 of \$1.73 per share), representing an unrealised gain of some \$97.6 million.

### Exploration activities

New Hope's corporate strategy is to develop a mixture of multiple thermal, metallurgical and coal-to-liquids coal projects from a portfolio of exploration properties, primarily in Queensland. The New Saraji, Lenton and Bee Creek projects all have potential to produce metallurgical coal. The New Saraji project is the most significant economically and logistically. The Lenton project is the most advanced with the Mining Lease recommended for approval. The Darling Downs project area has potential to produce thermal coal and feedstock to coal-to-liquids projects. The Company is working in close co-operation with Arrow Energy Limited for the symbiotic exploitation of coal seam gas resources in areas where Arrow has co-existing coal seam methane gas tenure with New Hope.

### New Saraji (EPC 837)

The New Saraji project covers some 9,500 hectares and lies adjacent to the east and down dip of the BHP Billiton Mitsubishi Alliance (BMA) Saraji Open Cut Mine. A significant inferred resource of the Moranbah Coal measures containing known high quality metallurgical coal measures has been identified as amenable to underground mining.

The target coal seams at New Saraji are the Dysart seams, Harrow Creek and 'P' Seams. The current JORC compliant Inferred Insitu Resource for New Saraji is 678 million tonnes of metallurgical coal (note a). The central area of the tenement contains predominantly hard coking coal with semi-hard coking coal becoming more dominant to the north and south. PCI coal is also expected to be present.

During the past half year, New Hope has undertaken the following activities:

- Mining Lease Application (MLA) No. 70383 was lodged on 13th October 2007;
- A voluntary environmental impact assessment and preparation of an Environmental Impact Statement commenced for the development of an underground mine, with flora, fauna, cultural heritage, surface water and soil surveys all underway;
- Stakeholder identification and engagement commenced. The regulatory approval and stakeholder consultation process for the MLA is expected to take about 2 years;
  - A major drilling program was conducted with up to 4 drill rigs on site. 26 drill holes were completed despite persistent wet weather, completing 6,814 metres of open hole drilling and 2,168 metres of diamond core drilling;
  - Testing continued for coal seam methane gas and groundwater from drill holes;
  - A preliminary underground mine plan was completed demonstrating the potential for multi seam simultaneous mining, by both longwall and continuous miner operations;
  - A conceptual layout of surface infrastructure was completed;
  - An underground mining project team, consisting of a Project Executive, General Manager Projects and Senior Project Engineer, was recruited;
  - A preliminary mine subsidence study was completed;
  - Comprehensive coal quality, washability and coking properties analysis continued;
  - Commenced negotiations with various port corporations for access to coal export capacity within railing distance from the New Saraji Project. It is planned to develop an operation that is capable of producing 5 million tonnes per annum (mtpa) of product coal initially, with possible expansion up to 10 mtpa;
  - Discussions were advanced with QR National for rail capacity;

# New Hope Corporation Limited and Controlled Entities

## Directors Report - 31st January 2008

### EPC 837 - New Saraji (continued)

- Discussions commenced with the controlling government departments to ensure water and power services located within the MLA are available to meet the projects demands;
- Initiated further studies and mine plan optimisation.

New Hope has received a significant number of approaches from both domestic and overseas parties regarding the New Saraji project ranging from offtake opportunities for export coal to equity participation. The Directors are considering the Company's options in response to the approaches, as it proceeds towards mine development.

### Lenton (EPC 766 & 865)

The Lenton project is located adjacent to Peabody Pacific's Burton Coal Mine approximately 140km southwest of Mackay, within the Bowen Basin of Central Queensland. The Burton Coal Mine produces hard coking and thermal coal products from the Vermont Upper and Vermont Lower Seams in the Rangel Coal Measures, which are also present at Lenton. The Lenton project has both open cut and underground potential. Mining Lease Application 70337, covering the defined open cut resources, has been recommended for grant and is expected to be issued in the near future. The current JORC compliant Indicated Resource is 37 million tonnes and the Inferred Insitu Resource stands at 47 million tonnes of coal (note a).

During the past half year, New Hope has undertaken the following activities:

- Exploration drilling continued, with 17 drill holes completed, including 11 open holes for 1,901 metres and 6 diamond drill core holes for 95 metres;
- Drilling confirmed previous seismic indications that the target seams within the area are flat lying and present possible underground mining opportunities;
- Analysis of the coking properties has continued on the drill core samples collected during the second half, including coal quality, and washability in the area identified as having underground mining potential.

### Bee Creek (EPC 777)

The Bee Creek project is located approximately 100 kilometres southwest of Mackay, within the Bowen Basin of Central Queensland. The tenement is located between the operating Hail Creek Mine to the north (Rio Tinto) and the operating South Walker Creek Mine to the south (BMA). Products from these mines include premium hard coking, PCI and thermal coals. The BHP Mitsui Nebo West anthracite resource is located in the central southern portion of the tenement area. A small resource known as the Broughton deposit (Rio Tinto) located within the Rangel Coal Measures is known to the north of the tenement area containing approximately 30 million tonnes insitu of metallurgical coal.

The objective of the 2007 Bee Creek exploration programme was to assess the potential for an extension to the Broughton resource within the Bee Creek tenement. A significant amount of historical exploration data exists from within the tenement area. Field work and drill testing of areas with the most potential will be carried out in calendar 2008.

Detailed work by others on the Nebo West anthracite deposit demonstrates that the Bee Creek area has the potential to contain both Rangel and Moranbah Coal Measures, in a series of northwest plunging synclines and anticlines. The current exploration programme will extend the detailed stratigraphic mapping of others using magnetic and hyperspectral mapping to delineate the folds and prospective coal bearing horizons.

### Darling Downs EPC's

The Darling Downs project consists of nine non-contiguous Exploration Permits for Coal (EPC's) covering an area from Toowoomba northwest to Jimbour and south to Inglewood, southeast Queensland. The exploration is targeting coal seams in the Lower Walloon Coal Measures within the Surat Basin. No site activities were conducted during the last half year.

### Rosevale (EL 44/2007) & York Plains (EL 49/2007) (Tasmania)

Applications were lodged in 2007 for these known coal deposits. The Rosevale area of approximately 165 square kilometres is centred approximately 20 kilometres west of Launceston. The area was previously explored by CSR Energy Division. The York Plains area is approximately 5 kilometres east of Oatlands and 70 kilometres north of Hobart. These deposits have potential as a feedstock for a potential coal-to-liquids plant.

### **Coal to Liquids Project**

During the six months, New Hope has continued its R&D evaluation of the coal to liquids project and the detailed design engineering and process testing activities have progressed.

# New Hope Corporation Limited and Controlled Entities

## Directors Report - 31st January 2008

### Outlook

New Hope's annual coal production for the year ended 31st July 2008 is likely to increase to about 4.4 million tonnes, with the New Acland Mine achieving full production capacity during the last half year and being positioned for further growth.

The actual monthly production rate is forecast to increase during the April to July 2008 period, due to ramp up of production at the New Acland mine (subject to regulatory approvals) to 4.2 mtpa.

Thermal coal prices remain firm in the short to medium term, with increased prices partly resulting from weather effecting Central Queensland and some overseas suppliers, buoyed by QBH being an essentially demurrage free port. Some initial Asian contract coal pricing settlements have been higher than those agreed last year.

New Hope's overall market position remains strong as a contractual coal supplier with the majority of tonnage fixed at acceptable US dollar price levels for the remainder of the 2008 financial year. Cost pressures continue to impact on New Hope's margins with fuel and tyre costs having the greatest impact on the cost performance of the operations.

Depending on the price of as yet unpriced export sales in the last quarter (firming), coupled with the effect of exchange rates on unhedged sales, it is likely that New Hope's result in the second half of the year will be higher than its operational profit reported in the first six months.

Interest revenues will continue to decrease as funds are expended on the growth projects, while export sales revenues may be negatively impacted by the timing of export shipments. Exploration expenditures are expected to be lower in the second half due to weather disruptions to the New Saraji exploration program. Furthermore, some exploration expenditure is being capitalised for the New Saraji project as New Hope advances its mining lease application and proceeds with the feasibility study into the development of an underground mine.

### 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 6.

### Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investment 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.

Note a: The information in this report that refers to coal reserves and resources is based on information compiled by Mr Chris Creagh (a fulltime employee of New Hope). Mr Creagh is a member of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting Mineral Resources and Ore Reserves. Mr Creagh has consented to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Signed in Sydney this 18th day of March 2008  
in accordance with a resolution of directors.

R.D. Millner  
Director

D.C. Williamson  
Director

# New Hope Corporation Limited and Controlled Entities

## Directors Report - 31st January 2008

### Auditors' Independence Declaration

As lead auditor for the review of New Hope Corporation Limited for the half year ended 31 January 2008, 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.

M. Linz  
Partner  
PricewaterhouseCoopers

Sydney  
18th March 2008

New Hope Corporation Limited and Controlled Entities

Consolidated Income Statement  
for the half-year ended 31st January 2008

	Note	31 January 2008 \$000	31 January 2007 \$000
Revenue from operations	3	148,827	123,091
Other income	4	331	8,012
		<u>149,158</u>	<u>131,103</u>
Expenses			
Cost of sales		(60,364)	(46,514)
Marketing and transportation		(28,712)	(26,147)
Exploration costs		(1,813)	(4,109)
Administration		(6,484)	(5,191)
Finance costs		(1)	(2)
Other expenses		(810)	(766)
Share of net profits of associates and partnerships using the equity method		-	2,225
<b>Profit before income tax</b>		<u>50,974</u>	<u>50,599</u>
Income tax expense		(14,333)	(10,510)
<b>Profit attributable to New Hope shareholders</b>		<u>36,641</u>	<u>40,089</u>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company</b>		<b>cents per share</b>	<b>cents per share</b>
Basic earnings per share		4.5	5.0
Diluted earnings per share		4.5	5.0

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

New Hope Corporation Limited and Controlled Entities

Consolidated Balance Sheet  
as at 31st January 2008

	31 January 2008 \$000	31 July 2007 \$000
<b>Current assets</b>		
Cash and cash equivalents	18,352	56,892
Receivables	36,700	19,292
Inventories	18,984	18,866
Held to maturity investments	125,667	189,548
Derivative financial instruments	9,566	7,361
Other	129	187
Total current assets	<u>209,398</u>	<u>292,146</u>
<b>Non current assets</b>		
Receivables	1,130	1,713
Investments accounted for using the equity method	-	3,366
Derivative financial instruments	12,212	5,122
Available for sale financial assets	209,240	319,272
Property, plant and equipment	312,296	224,585
Investment properties	35	35
Intangible assets	8,949	3,090
Total non current assets	<u>543,862</u>	<u>557,183</u>
<b>Total assets</b>	<u>753,260</u>	<u>849,329</u>
<b>Current liabilities</b>		
Payables	19,831	18,743
Current tax liabilities	4,813	8,715
Provisions	4,973	4,617
Total current liabilities	<u>29,617</u>	<u>32,075</u>
<b>Non current liabilities</b>		
Deferred tax liabilities	47,578	74,311
Provisions	11,000	11,745
Total non current liabilities	<u>58,578</u>	<u>86,056</u>
<b>Total liabilities</b>	<u>88,195</u>	<u>118,131</u>
<b>Net assets</b>	<u>665,065</u>	<u>731,198</u>
<b>Equity</b>		
Contributed equity	48,909	48,834
Reserves	122,978	181,357
Retained profits	493,178	501,007
<b>Total equity</b>	<u>665,065</u>	<u>731,198</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

New Hope Corporation Limited and Controlled Entities

Consolidated Statement of Changes in Equity  
as at 31st January 2008

	31 January 2008 \$000	31 January 2007 \$000
<b>Total equity at the beginning of the half-year</b>	731,198	568,290
<b>Recognised income and expense for the half-year</b>		
Cash flow hedges, net of tax	6,506	(1,798)
Changes in the fair value of available for sale financial assets, net of tax	(93,827)	40,584
Gain on revaluation of plant and machinery, net of tax	27,716	-
<b>Net income / (expense) recognised directly in equity</b>	<u>(59,605)</u>	<u>38,786</u>
Profit for the half-year	36,641	40,089
<b>Total recognised income and expense for the half-year</b>	<u>(22,964)</u>	<u>78,875</u>
<b>Transactions with equity holders in their capacity as equity holders</b>		
Contributions of equity, net of transaction costs	75	2,746
Dividends provided for or paid	(20,212)	(20,205)
Special dividend paid	(24,255)	(36,369)
Employee share option reserve	1,223	1,108
	<u>(43,169)</u>	<u>(52,720)</u>
<b>Total equity at the end of the half-year</b>	<u>665,065</u>	<u>594,445</u>
Total recognised income and expense for the half-year is attributable to Members of New Hope Corporation Limited	<u>(22,964)</u>	<u>78,875</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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New Hope Corporation Limited and Controlled Entities

Consolidated Cash Flow Statement  
for the half-year ended 31st January 2008

	31 January 2008 \$000	31 January 2007 \$000
<b>Cash flows from operating activities</b>		
Receipts from customers inclusive of GST	131,235	109,181
Payments to suppliers and employees inclusive of GST	<u>(91,779)</u>	<u>(82,105)</u>
	39,456	27,076
Dividends received	-	3,500
Interest received	6,163	10,265
Interest and other costs of finance paid	(1)	(2)
Income taxes paid	<u>(14,712)</u>	<u>(24,525)</u>
<b>Net cash inflow / (outflow) from operating activities</b>	<u>30,906</u>	<u>16,314</u>
<b>Cash flows from investing activities</b>		
Payments for purchase of subsidiary, net of cash acquired	(40,515)	-
Payments for property, plant & equipment	(24,657)	(55,270)
Payments for intangible assets	(411)	(151)
Payments for investments in available for sale financial assets	(24,005)	(15,339)
Net returns / (payments) for investments held to maturity	63,881	99,176
Proceeds from sale of property, plant & equipment	654	6,196
Funds received from associated entities	-	1,566
<b>Net cash inflow / (outflow) from investing activities</b>	<u>(25,053)</u>	<u>36,178</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity	74	2,746
Dividends paid	<u>(44,467)</u>	<u>(56,574)</u>
<b>Net cash inflow / (outflow) from financing activities</b>	<u>(44,393)</u>	<u>(53,828)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(38,540)</b>	<b>(1,336)</b>
Cash and cash equivalents at the beginning of the half year	56,892	19,207
Effects of exchange rate changes on cash and cash equivalents	-	(70)
<b>Cash and cash equivalents at the end of the half year</b>	<u><u>18,352</u></u>	<u><u>17,801</u></u>

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

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# New Hope Corporation Limited and Controlled Entities

## Notes to the Financial Statements for the half-year ended 31st January 2008

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

This general purpose financial report for the interim half-year reporting period ended 31 January 2008 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 2007 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.

31 January 2008 \$000	31 January 2007 \$000
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### 2. DIVIDENDS

Dividends provided for or paid during the half-year

Ordinary dividend paid		
100% franked at a tax rate of 30% (2007 - 100% franked)	20,212	20,205
Special dividend paid		
100% franked at a tax rate of 30% (2007 - 100% franked)	24,255	36,369
	44,467	56,574

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 2.25 cents per fully paid ordinary share (2007 - 2.1 cents), fully franked on tax paid at 30%. The aggregate of the dividend expected to be paid on 7 May 2008 out of retained profits at 31 January 2008, but not recognised as a liability at the end of the half-year, is

18,193	16,972
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### 3. REVENUE

#### From operations

Sales revenue		
Sale of goods	135,519	107,942
Sale of services	4,829	-
Other revenue		
Property rent received	231	357
Interest received	6,163	10,265
Management and service fees received	-	1,324
Sundry revenue	2,085	3,203
	148,827	123,091

### 4. OTHER INCOME

#### From operations

Profit on sale of non-current assets (i)	331	8,012
Details of non regular items included in Other Income		
(i) Proceeds on sale of land and buildings originally purchased and used in the normal operations of the Group	-	7,931
Tax expense	-	(1,329)
Profit after tax	-	6,602

New Hope Corporation Limited and Controlled Entities

Notes to the Financial Statements  
for the half-year ended 31st January 2008

5. CONTRIBUTED EQUITY

	Parent Entity		Parent Entity	
	31 January 2008	31 January 2008	31 January 2007	31 January 2007
	No. of shares	\$000	No. of shares	\$000
(a) Share Capital				
Issued and paid up capital	808,594,846	48,909	808,210,278	48,774

(b) Movements in share capital

Date	Details	Number of Shares	Issue Price	\$000
1 August 2006	Opening balance	801,226,236		46,028
31 August 2006	Exercise of ordinary options	3,429	\$0.35	1
22 September 2006	Exercise of ordinary options	500	\$0.35	-
22 September 2006	Exercise of management options	3,990,000	\$0.39375	1,571
30 September 2006	Exercise of management options	500,000	\$0.39375	197
30 September 2006	Exercise of ordinary options	500	\$0.35	-
31 October 2006	Exercise of ordinary options	74,168	\$0.35	26
31 October 2006	Exercise of management options	2,400,000	\$0.39375	945
30 November 2006	Exercise of ordinary options	1,563	\$0.35	1
31 December 2006	Exercise of ordinary options	13,882	\$0.35	5
31 January 2007	<b>Balance</b>	<b>808,210,278</b>		<b>48,774</b>
1 August 2007	Opening balance	808,378,603		48,834
31 August 2007	Exercise of ordinary options	6,794	\$0.35	2
30 September 2007	Exercise of ordinary options	1,000	\$0.35	0
31 October 2007	Exercise of ordinary options	101,525	\$0.35	36
30 November 2007	Exercise of ordinary options	101,063	\$0.35	35
31 December 2007	Exercise of ordinary options	1,163	\$0.35	0
31 January 2008	Exercise of ordinary options	4,698	\$0.35	1
31 January 2008	<b>Balance</b>	<b>808,594,846</b>		<b>48,909</b>

6. FINANCIAL REPORTING BY SEGMENTS

Business Segments (primary reporting format)

The group operates primarily in one business segment being the mining and exploration of coal and associated activities, and in one geographical segment being Queensland.

# New Hope Corporation Limited and Controlled Entities

## Notes to the Financial Statements for the half-year ended 31st January 2008

### 7. 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 2008 \$000	31 July 2007 \$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.	14,887	6,602

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

### 8. INVESTMENT IN ASSOCIATES, PARTNERSHIPS, AND JOINT VENTURES

	Ownership Interest		Profit Contribution	
	31 January 2008 %	31 January 2007 %	31 January 2008 \$000	31 January 2007 \$000
Associates				
Queensland Bulk Handling Pty Ltd	100.00%	50.00%	-	717
Partnerships				
Bulk Terminal Services	100.00%	50.00%	-	1,508
			<u>-</u>	<u>2,225</u>

Details of aggregate share of profits of associates, partnerships, and joint venture entities

Operating profit before income tax	-	2,984
Income tax expense	-	(759)
Share of net profits of associates, partnerships and joint venture entities	<u>-</u>	<u>2,225</u>

On 1 August 2007, Andrew Wright Holdings Pty Ltd ( a wholly owned subsidiary of New Hope) acquired the other 50% equity in Queensland Bulk Handling Pty Ltd (QBH) and the Bulk Terminal Services partnership (BTS) for \$42.5 million. This transaction resulted in QBH and BTS becoming wholly owned members of the New Hope Group. With effect from 1 August 2007, the operations of QBH and BTS were fully consolidated in the group financial statements.

# New Hope Corporation Limited and Controlled Entities

## Notes to the Financial Statements for the half-year ended 31st January 2008

### 9. BUSINESS COMBINATION

#### (a) Summary of acquisition

On 1st August 2007 Andrew Wright Holdings Pty Ltd (AWH), a fully owned subsidiary of New Hope Corporation Limited, acquired the remaining 50% equity in Queensland Bulk Handling Pty Ltd (QBH) and the Bulk Terminal Services (BTS) partnership as disclosed in the financial statements for the year ended 31 July 2007.

The acquired business contributed a net profit of \$4,175,000 to the group for the reporting period 1 August 2007 to 31 January 2008. Revenues contributed by the acquired business in respect of parties external to the group totalled \$5,074,000. As the acquisition occurred on the first day of the financial year, the net profit and revenue disclosed above, also relate to the acquired entities contribution for the whole reporting period.

#### (b) Purchase consideration

	<b>\$000</b>
Cash paid	42,500
Direct costs relating to the transaction	1,608
<b>Total purchase consideration</b>	<b>44,108</b>
Fair value of net identifiable assets acquired ( refer below)	38,576
Excess of the Group's interest in the net fair valued of the identifiable assets, liabilities and contingent liabilities of the QBH business over cost	<b>5,532</b>

#### (c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	4,175	Acquiree's carrying amount \$000	Fair Value \$000
Cash and cash equivalents		3,521	3,521
Receivables		684	684
Other		351	351
Property, plant and equipment		4,857	74,002
Deferred tax assets		112	112
Payables		(1,034)	(1,034)
Current tax liabilities		(320)	(320)
Provisions		(165)	(165)
<b>Net identifiable assets</b>		<b>8,006</b>	<b>77,151</b>
Previously acquired interest			38,575
<b>Net identifiable assets acquired</b>			<b>38,576</b>

The goodwill is attributed to the operational efficiencies of the business and the synergies that it creates with the other companies in the group. The fair value of assets and liabilities acquired has been determined with reference to an independent valuation conducted as part of the purchase price allocations. There were no business acquisitions in the year ending 31 July 2007.

# 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 2008 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  
18th March 2008

# New Hope Corporation Limited and Controlled Entities

## Financial Statements - 31st January 2008

### Independent Auditors 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 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### 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 2008 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

#### Matters relating to the electronic presentation of the reviewed financial report

This auditor's review report relates to the financial report of New Hope Corporation Limited (the company) for the half-year ended 31 January 2008 included on New Hope Corporation Limited's web site. The company's directors are responsible for the integrity of the New Hope Corporation Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's review report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

# New Hope Corporation Limited and Controlled Entities

## Financial Statements - 31st January 2008

### Independent Auditors 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 2008 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

Martin Linz  
Partner

Sydney  
18th March 2008