The following is the text of a report set out on pages IB-1 to IB-71, received from the Company's reporting accountants, ShineWing Australia, for the purpose of incorporation in this prospectus. It is prepared and addressed to the Directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Report on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

ShineWing Australia
Accountants and Advisors
Level 8, 167 Macquarie Street
Sydney NSW 2000

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF COAL & ALLIED INDUSTRIES LIMITED, CMB INTERNATIONAL CAPITAL LIMITED, MORGAN STANLEY ASIA LIMITED AND BOCI ASIA LIMITED

Introduction

We report on the historical financial information of Coal & Allied Industries Limited (the "C&A") and its subsidiaries (hereinafter collectively referred to as the "C&A Group") set out on pages IB-3 to IB-71, which comprises the consolidated statements of financial position as at 31 December 2015, 2016 and 2017 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the three financial years ended 31 December 2015, 2016 and 2017 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IB-3 to IB-71 forms an integral part of this report, which has been prepared for inclusion in the prospectus of Yancoal Australia Ltd (the "Company") dated 26 November 2018 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' Responsibility for the Historical Financial Information

The directors of C&A are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of C&A determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the C&A, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the consolidated financial position of the C&A Group as at 31 December 2015, 2016 and 2017 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANIES (WINGING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IB-3 have been made.

Dividends

We refer to Note 27 to the Historical Financial Information which states that no dividends have been paid by C&A to target groups during the relevant Track Record Period.

ShineWing Australia
Chartered Accountants
Rami Eltchelebi
Sydney
26 November 2018

A. FINANCIAL INFORMATION OF THE GROUP

HISTORICAL FINANCIAL INFORMATION OF THE C&A GROUP

Preparation of financial information of C&A Group

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of C&A Group for the Track Record Period ("Underlying Financial Statements") prepared in accordance with accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), on which the Historical Financial Information is based, were audited by ShineWing Australia in accordance with Australia Auditing Standards issued by the Auditing and Assurance Standards Board in Australia.

The Historical Financial Information is presented in Australian Dollars ("A$") and all values are rounded to the nearest million (A$M) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Predecessor			Successor
		31 December	31 December	1 January to 31 August	1 September to 31 December
	Notes	2015	2016	2017	2017
		A$M	*A$M*	*A$M*	*A$M*
Revenue	*7*	2,131	1,664	1,424	732
Other income	*8*	24	1,902	26	(5)
Changes in inventories of finished goods and work in progress		(22)	(6)	(11)	26
Raw materials and consumables used		(524)	(357)	(274)	(141)
Employee benefits	*9*	(333)	(253)	(140)	(77)
External services		(256)	(192)	(169)	(80)
Selling and distribution		(437)	(322)	(221)	(98)
Debt forgiveness	*9*	–	(1,475)	–	–
Other operating expenses		(108)	(90)	(25)	(35)
Net gain/(loss) on disposal of property, plant and equipment		(2)	10	–	–
Depreciation and amortisation		(184)	(125)	(78)	(39)
Exploration and evaluation		(8)	–	–	–
Sea freight and purchase coal		(40)	(26)	–	(34)
Net foreign exchange (losses)/gains		10	(2)	(1)	4
Finance costs	*9*	(16)	(7)	(3)	(1)
Share of (loss)/profit of equity-accounted investees, net of tax		7	2	(16)	(6)
Profit before income tax		242	723	512	246
Income tax benefit/(expense)	*10*	42	(326)	169	(79)
Profit for the year		284	397	681	167
Profit for the year attributable to:					
Equity holders of C&A		283	396	681	166
Non-controlling interests		1	1	–	1
		284	397	681	167
Profit for the year		284	397	681	167
Other comprehensive income for the year (after income tax)		–	–	–	–
Total comprehensive income for the year		284	397	681	167
Total comprehensive income for the year attributable to:					
Equity holders of C&A		283	396	681	166
Non-controlling interests		1	1	–	1
		284	397	681	167

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		Predecessor		Successor
		31 December	31 December	31 December
	Notes	2015	2016	2017
		A$M	*A$M*	*A$M*
ASSETS				
Current assets				
Cash and cash equivalents	*11*	213	312	33
Trade and other receivables	*12*	130	276	554
Inventories	*13*	87	61	71
		430	649	658
Assets classified as held for sale	*14*	320	–	132
		750	649	790
Non-current assets				
Trade and other receivables	*12*	–	–	53
Interests in associates	*15*	216	206	145
Land held for development or future sale		1	1	1
Property, plant and equipment	*16*	1,243	762	627
Deferred tax assets	*17*	81	155	454
Intangible assets	*18*	188	154	145
		1,729	1,278	1,425
Total assets		2,479	1,927	2,215
LIABILITIES				
Current liabilities				
Trade and other payables	*19*	251	346	384
Bank overdraft	*20*	1	–	–
Current tax payable		7	4	–
Provisions	*22*	76	118	15
		335	468	399
Liabilities directly associated with assets classified as held for sale	*23*	44	–	53
		379	468	452
Non-current liabilities				
Deferred income		3	3	2
Deferred tax liabilities	*24*	72	11	6
Provisions	*25*	158	133	176
		233	147	184
Total liabilities		612	615	636
Net assets		1,867	1,312	1,579
EQUITY				
Contributed equity	*26*	441	60	60
Reserves	*28(a)*	11	10	1
Retained earnings	*28(b)*	1,413	1,240	1,515
Equity attributable to equity holders of the C&A		1,865	1,310	1,576
Non-controlling interests	*29*	2	2	3
Total equity		1,867	1,312	1,579

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	Attributable to equity holders of the C&A				Non-controlling interests	Total
		Share capital	Other reserves	Retained earnings	Total		
		A$M	*A$M*	*A$M*	*A$M*	*A$M*	*A$M*
Predecessor							
At 1 January 2015		441	7	1,230	1,678	2	1,680
Profit for the year		–	–	283	283	1	284
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income for the year		–	–	283	283	1	284
Transactions with owners:							
– Dividends paid	*27*	–	–	(100)	(100)	(1)	(101)
– Employee share schemes	*28*	–	4	–	4	–	4
At 31 December 2015		441	11	1,413	1,865	2	1,867
At 1 January 2016		441	11	1,413	1,865	2	1,867
Profit for the year		–	–	396	396	1	397
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income for the year		–	–	396	396	1	397
Transactions with owners:							
– Return of capital		(381)	–	–	(381)	–	(381)
– Dividends paid	*27*	–	–	(569)	(569)	(1)	(570)
– Employee share schemes	*28*	–	(1)	–	(1)	–	(1)
		(381)	(1)	(569)	(951)	(1)	(952)
At 31 December 2016		60	10	1,240	1,310	2	1,312

	Notes	Attributable to equity holders of the C&A				Non-controlling interests	Total
		Share capital	Other reserves	Retained earnings	Total		
		A$M	A$M	A$M	A$M	A$M	A$M
At 1 January 2017		60	10	1,240	1,310	2	1,312
Profit for the period		–	–	681	681	–	681
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income for the period		–	–	681	681	–	681
Transactions with owners:							
– Return of capital		–	–	–	–	–	–
– Dividends paid	27	–	–	(581)	(581)	(1)	(582)
– Employee share schemes	28	–	(9)	9	–	–	–
		–	(9)	(572)	(581)	(1)	(582)
At 31 August 2017		60	1	1,349	1,410	2	1,412
Successor							
At 1 September 2017		60	1	1,349	1,410	2	1,412
Profit for the period		–	–	166	166	1	167
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income for the period		–	–	166	166	1	167
At 31 December 2017		60	1	1,515	1,576	3	1,579

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Predecessor			Successor
	31 December	31 December	1 January to 31 August	1 September to 31 December
	2015	2016	2017	2017
	A$M	*A$M*	*A$M*	*A$M*
Operating activities				
Profit before income tax	242	723	512	246
Adjustments for:				
Interest income	(6)	(18)	(6)	(1)
Dividend income from associates	(12)	(13)	(1)	–
Net unrealised foreign exchange loss/(gain)	(1)	5	1	(4)
Depreciation of property, plant and equipment and amortization	184	125	78	39
Exploration and evaluation	8	–	–	–
Gain on sale of investments	–	(1,860)	–	–
Net loss on debt forgiveness	–	1,475	–	–
Share of loss or profit of associates	5	10	10	6
(Loss)/gain on disposal of property, plant and equipment	2	(10)	(20)	–
Other	13	9	(6)	(11)
Operating cash flows before movements in working capital	435	446	568	275
Decrease/(increase) in bills and accounts receivable	39	(138)	141	(123)
Decrease in inventories	49	9	(13)	(9)
Decrease in assets held for sale	11	–	–	–
Movement in provision for land subsidence, restoration, rehabilitation and environmental cost	6	(4)	–	–
Deferred tax liability	–	–	(312)	4
(Increase)/decrease in long term receivables	(1)	1	–	–
(Increase)/decrease in bills and accounts payable	(5)	111	(163)	106
Increase/(decrease) in other payables and accrued expenses	2	–	(3)	–
(Increase)/decrease in long-term payable and provision	(12)	8	34	(4)
Cash generated from operations	524	433	252	249
Income taxes paid	(110)	(451)	169	(79)
Interest received	6	18	5	1
Dividend received	12	13	1	–
Net cash inflow from operating activities	432	13	427	171

	Notes	Predecessor			Successor
		31 December 2015	31 December 2016	1 January to 31 August 2017	1 September to 31 December 2017
		A$M	A$M	A$M	A$M
Cash flows from investing activities					
Purchase of property, plant and equipment		(64)	(40)	(33)	(26)
Exploration and evaluation		(8)	–	–	–
Advances to related parties		–	–	–	(272)
Dividends received		–	–	7	6
Proceeds on disposal of property, plant and equipment		4	9	20	3
Proceeds from sale of an investment in an associate	8	–	1,069	–	–
Net cash (outflow)inflow from investing activities		(68)	1,038	(6)	(289)
Cash flows from financing activities					
Dividends paid	27	(100)	(569)	(581)	–
Dividends paid to non-controlling interest		(1)	(1)	(1)	
Capital return		–	(381)	–	–
Repayment of bank borrowings		(293)	–	–	–
Net cash outflow from financing activities		(394)	(951)	(582)	–
Net (decrease) increase in cash and cash equivalents		(30)	100	(161)	(118)
Cash and cash equivalents at the beginning of the year/period		242	212	312	151
Cash and cash equivalents at end of year/period	11	212	312	151	33
Breakdown of cash and cash equivalents at end of year/period:					
Bank balances and cash held		213	312	151	33
Bank overdraft	20	(1)	–	–	–
Cash and cash equivalents at end of year/period		212	312	151	33

1. GENERAL INFORMATION

Description of business

Coal & Allied Industries Limited (the "C&A") is a leading Australian producer of high quality thermal coal, indirectly owning majority joint venture interests in three coal mine operations, namely Hunter Valley Operations ("HVO"), Mount Thorley and Warkworth (together, "MTW") and associated assets.

During the Track Record Period the effective ownership interest in HVO and MTW was 100% and 64.1% respectively at 31 December 2015, 67.6% and 64.1% respectively at 31 December 2016 and 67.6% and 64.1% respectively at 31 December 2017.

The C&A Group's parent entity during the years ended 31 December 2015 and 31 December 2016 was Rio Tinto Limited, owned 80% and 100% respective at the end of each of the financial years. On 1 September 2017 the C&A Group's parent entity changed from Rio Tinto Limited to Yancoal Australia Ltd. As a result, the ultimate parent entity and ultimate controlling party became Yankuang Group Corporation Limited (incorporated in the People's Republic of China).

The principal activities of the Group and its subsidiaries (the "Group") during the three years ended 31 December 2017 (the "Track Record Period") were coal mining and related coal preparation and marketing.

The consolidated financial information are presented in Australian dollars, which is C&A's functional and presentation currency.

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

These consolidated financial statements include applicable disclosures required by the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The consolidated financial statements have been prepared on a going concern basis.

Historical cost convention

The consolidated financial information have been prepared on a historical cost basis, except for the following:

- assets held for sale – measured at the lower of cost or fair value less costs of disposal.

The accounting policies adopted in the preparation of the Financial Information are presented in Note 3 – Significant Accounting Policies. These policies have been consistently applied to all of the Track Record Period.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted all of the new and revised IFRS, International Accounting Standards ("IASs"), IFRSs amendments and the related interpretations ("IFRICs") issued by the International Accounting Standards Board (the "IASB") which are effective for the Group's financial year beginning on 1 January 2017 and has early adopted the new and revised IFRSs which are in issue but not yet effective until the Group's financial year beginning on 1 January 2018 throughout the Track Record Period.

New and revised IFRSs issued but not yet effective

At the date of authorisation of these consolidated financial statements, certain new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[2]
Amendments to IFRSs	Annual improvements to IFRS Standards 2015-2017 Cycle[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[1]
IFRIC 23	Uncertainty over Income Tax Treatments[1]

[1] Effective for annual periods beginning on or after 1 January 2019.

[2] Effective for annual periods beginning on or after 1 January 2021.

[3] Effective date not yet been determined.

The directors of C&A anticipate that, except as described below, the application of the new and revised IFRSs will have no material impact on the results and the financial position of the Group.

The Group's assessment of the impact of these new standards and interpretations is set out below.

The directors of C&A anticipate that all the pronouncements will be adopted in the C&A Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended IFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended IFRSs are not expected to have a material impact on the C&A Group's financial statements.

IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of IAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 will supersede the current lease standards including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 will become effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

The directors of C&A are in the process of assessing the impacts on the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of until the Group performs a detailed review.

As at 31 December 2017, C&A Group has non-cancellable operating lease commitments of A$21M as disclosed in note 32. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the C&A Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. The directors of C&A are in the process to determine the amounts of right-of-use assets and lease liabilities to be recognised in the consolidated statement of financial position, after taking into account all practical expedients and recognition exemption under IFRS 16. The directors of C&A expect that the adoption of IFRS 16 will not have material impact on the Group's results but certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments provide guidance on addressing the acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its joint venture and associate. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that constitutes or contains a business to a joint venture or associate in full. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that does not constitute or contain a business to a joint venture or associate only to the extent of the unrelated investors' interests in that joint venture or associate.

The effective date of amendments to IFRS 10 and IAS 28 has not yet been determined. However, earlier application is permitted. The amendments should be applied prospectively.

The directors of the C&A are in the process of assessing their impact on the consolidated financial statements of these requirements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are stated at fair value. The principal accounting policies are set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the C&A and its subsidiaries for the Track Record Period.

Subsidiaries are entities controlled by the Group. The C&A Group controls an entity when the C&A Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the C&A Group has power over the entity, only substantive rights relating to the entity (held by the C&A Group and others) are considered.

The C&A Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the C&A Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the C&A Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the C&A Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the C&A, and in respect of which the C&A Group has not agreed any additional terms with the holders of those interests which would result in the C&A Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the C&A Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the C&A. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the C&A.

Changes in the C&A Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the C&A Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the C&A's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the C&A on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the C&A's profit or loss.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the C&A Group, liabilities incurred by the C&A Group to former owners of the acquiree and the equity interests issued by the C&A Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, except that:

– deferred tax assets or liabilities arising from the assets acquired and liabilities assumed in the business combination are recognised and measured in accordance with IAS 12 *Income Taxes*;

- assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with IAS 19 *Employee Benefits*;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the C&A Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

Where the consideration transferred by the C&A Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounting for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value with corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the C&A Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the C&A Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the C&A Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Interests in other entities

(i) Associates

Associates are all entities over which the C&A Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The C&A Group's investments in associates include goodwill identified on acquisition.

The C&A Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the C&A Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the C&A Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

(ii) Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties undertake economic activities under joint control. Joint control exists only when the strategic, financial and operational policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture. The structure of each joint arrangement is analysed to determine whether the joint arrangement is a joint operation or a joint venture. The classification of a joint arrangement is dependent on the rights and obligations of the parties to the arrangement.

Joint operations

The C&A Group recognises its proportional right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Joint ventures

A joint venture is structured through a separate vehicle and the parties have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method where the assets and liabilities will be aggregated into one line item on the face of the consolidated statements of financial position, after adjusting for the share of profit or loss after tax, which is shown as a separate line item on the face of the consolidated statements of profit or loss and other comprehensive income, after adjusting for amounts recognised directly in equity.

When the C&A Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the C&A Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the C&A Group and its joint ventures are eliminated to the extent of the C&A Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary, to ensure consistency with the policies adopted by the C&A Group.

Parent entity financial information

(a) Investments in subsidiaries, associates and joint arrangements

Investments in subsidiaries, associates and joint arrangements are accounted for at cost less any impairment in the financial statements of the C&A. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(b) Tax consolidation legislation

At 31 December 2015, the C&A was the head entity of a tax consolidated group, which included its wholly owned Australian entities.

At 31 December 2016, C&A and its wholly owned Australian entities were part of the Rio Tinto Limited tax consolidated Group.

On 1 September 2017, C&A and its wholly owned Australian entities became a member of the Yancoal Australia Limited tax consolidated group, of which Yancoal Australia Limited is the head entity.

The head entity, Yancoal Australia Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

The C&A has entered into a tax sharing and funding agreement with the head entity of the tax consolidated group, Yancoal Australia Limited, in relation to their participation in the tax consolidation regime. Under the terms of this agreement, the subsidiary entities in the tax consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. The reimbursements are payable at the same time as the associated income tax liability falls due and have therefore been recognised as a "current intercompany payable/receivable in respect of tax" by C&A.

Segment information

Management has determined the operating segments based on the strategic direction and organisational structure of the C&A Group together with reports reviewed by the Chief Operating Decision Makers ("CODM"), defined as the Executive Committee, that are used to make strategic decisions including resource allocation and assessment of segment performance.

Non-operating items of the C&A Group are presented under the segment "Corporate" which includes administrative expenses, foreign exchange gains and losses on interest-bearing liabilities, and the elimination of intersegment transactions and other consolidation adjustments.

Revenue

Revenue is measured at the fair value of the consideration received or receivable. for the sales of coal and services in the ordinary course of the C&A Group's activities, stated net of discounts, returns and value added taxes. The C&A Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the C&A Group and specific criteria have been met for each of the Group's activities as described below. The C&A Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

Revenue is recognised in the profit or loss as follows:

(i) Sale of coal

Revenue from the sale of coal is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at a point in time which is the time of delivery, usually on a Free On Board ("FOB") basis. On occasion the sale of coal is recognised as the ship pulls into harbour on a Free Alongside Ship ("FAS") basis or from the stockpile on an ex-works basis.

In Track Record Period, the C&A Group recognises the revenue from sales of coal when the risks and rewards of coal are transferred to the purchasers, which is when the production of coal has been completed and the coal has been delivered to the purchasers and recoverability of related receivables is reasonably assured.

In adopting IFRS 15, revenues are recognised when or as the control of the coal is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the C&A Group's performance does not create an asset with an alternative use to the C&A Group and the C&A Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the C&A Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For coal production and sales contracts for which the control of the coal is transferred at a point in time, revenue is recognised when the customer obtains the coal and the C&A Group has present right to payment and the collection of the consideration is probable.

The revenue is measured at the transaction price received or receivable under the contract.

For contract where the period between the payment by the customer and the transfer of the promised coal exceeds one year, the promised amount of consideration is adjusted for the effects of a significant financing component.

(ii) Services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

(iii) Other

Other primarily consists of dividends, rents, sub-lease rental and management fees. Dividends are recognised as revenue when the right to receive payment is established. Rental income arising on land surrounding a mine site is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

Other income

Gain on acquisition is recognised in line with the accounting for business combinations.

Taxation

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate enacted or substantially enacted at the end of the reporting period for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying value of the deferred tax asset is reviewed at each reporting period and reduced to the extent that it is no longer probable that future taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are recognised for taxable temporary differences between the carrying amount and tax bases of investments in controlled entities, except where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the C&A Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost includes expenditure directly attributable to the acquisition of the items and the estimated restoration costs associated with the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the C&A Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Mine development assets include all mining related development expenditure that is not included under land, buildings and plant and equipment.

The open pit operations capitalise mine development costs including both direct and indirect costs incurred to remove overburden and other waste materials to enable access to the coal seams during the development of a mine before commercial production commences, and during future development of new open pit mining areas. Amortisation of those capitalised costs over the life of the operation commences at the time that commercial production begins for the mine for the new open pit mining area.

Underground mine development costs include both direct and indirect mining costs relating to underground longwall panel development and mains development (primary access/egress roads for the mine).

Mains development costs are capitalised net of the coal sales revenue earned from coal extracted as part of the mains development process. These capitalised costs are amortised over the life of the mine if the roads service the entire mine or over the life of the panels accessible from those mains if shorter than the mine life.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward mine development costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full in the period in which the decision to abandon the area is made.

Open cut

During the commercial production stage of open pit operations, production stripping costs comprises the accumulation of expenses incurred to enable access to the coal seam, and includes direct removal costs (inclusive of an allocation of overhead expenditure) and machinery and plant running costs.

Production stripping costs are capitalised as part of an asset, if it can be demonstrated that it is probable that future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. The asset is called "stripping activity asset" included in mine development.

The stripping activity asset is amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied.

Production stripping costs that do not satisfy the asset recognition criteria are expensed.

Depreciation and amortisation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line or units of production basis over the asset's useful life to the Group based on life of mine plans and Joint Ore Reserves Committee ("JORC") estimated reserves, commencing from the time the asset is held ready for use. Leased assets are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method.

For some assets, the useful life of the asset is linked to the level of production. In such cases, depreciation is charged on a units of production basis based on the recoverable reserves or the remaining useful hours. Alternatively, the straight-line method may be used where this provides a suitable alternative because production is not expected to fluctuate significantly from one year to another.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period and any change in estimate is taken into account in the determination of remaining depreciation charges.

The estimated useful lives are as follows:

– Buildings 10 – 25 years

– Mine development 10 – 45 years

– Plant and equipment 2.5 – 40 years

– Leased plant and equipment 2 – 20 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Mining tenements

Mining tenements have a finite useful life and are carried at cost less any accumulated amortisation and impairment losses. Mining tenements are amortised from the date when commercial production commences, or the date of acquisition. Amortisation is calculated over the life of the mine on a 'units of production' method based on the JORC estimated reserves.

Changes in the annual amortisation rate resulting from changes in the remaining estimated reserves, are applied on a prospective basis from the commencement of the next financial year. Every year the mining tenement's carrying amount is compared to its recoverable amount and assessed for impairment, or for possible reversals of prior year impairment (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Exploration and evaluation assets

Exploration and evaluation expenditure incurred is accumulated in respect of each separately identifiable area of interest which is at the individual exploration permit or license level. These costs are only carried forward where the right of tenure for the area of interest is current and to the extent that they are expected to be recouped through successful development and commercial exploitation, or alternatively, sale of the area, or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets acquired in a business combination are recognised at their fair value at the acquisition date. The carrying amount of exploration and evaluation assets are assessed for impairment when facts or circumstances suggest the carrying amount of the assets may exceed their recoverable amount. A regular review is undertaken for each area of interest to determine the appropriateness of continuing to carry forward costs in relation to each area of interest. Accumulated costs in relation to an abandoned area are written off in full in the period in which the decision to abandon the area is made.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, the exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining tenements.

Impairment of assets

(i) Long term assets

Mining tenements are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised immediately in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Mining tenements and other non-financial assets that have previously suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

For the purposes of assessing impairment, assets are grouped into Cash-Generating Units ("CGU"), being the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs that are expected to benefit from the synergies of the combination.

The C&A Group assesses impairment by evaluation of conditions and events specific to the C&A that may be indicative of impairment triggers.

(ii) Other financial assets

The C&A Group recognises a loss allowance for expected credit loss ("ECL") on investments in debt instruments that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The C&A Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL ("12m ECL"). The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Intangibles

(i) Computer software

Computer software is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight-line basis over the period of expected benefit, which ranges from 2.5 to 10 years.

(ii) Access, water rights and other mining licences

Access rights and other mining licences have a finite useful life and are carried at cost less any accumulated amortisation and accumulated impairment losses. Water rights have been recognised at cost and are assessed annually for impairment. The water rights have been determined to have an indefinite useful life. Amortisation of access rights and other mining licences is calculated as the shorter of the life of the mine or agreement using a units of production basis in tonnes, or on a straight-line basis. The estimated useful lives vary from 10 to 25 years.

(iii) Other

In acquiring Coal & Allied Industries Limited ("Coal & Allied") in 2017 under IFRS3 Business Combinations an asset was recognised for management fees charged to Port Waratah Coal Services Pty Ltd. The intangible asset will be released to the profit and loss on a straight line basis.

Construction in progress

Construction in progress represents production site development projects under construction for production or for its own use purposes. Construction in progress is carried at cost less any impairment loss. Costs included costs of constructing the production plant and acquisition of mining rights, mining permits and

licenses that form an integral part of the overall development projects. Construction in progress is classified to the appropriate category of property, plant and equipment or intangible assets when completed and ready for intended use. Depreciation or amortisation commences when the assets are ready for their intended use.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents includes:

(i) cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and

(ii) other short term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Inventories

Coal stocks are stated at the lower of cost and net realisable value. Costs are assigned on a weighted average basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overheads on the basis of normal mining capacity. Net realisable value is the estimated selling price in ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories of auxiliary materials, spare parts, small tools, and fuel expected to be used in production are stated at weighted average cost after deducting rebated and discounts less allowance, if necessary, for obsolescence.

Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale or loss of control transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale or disposal in its present condition subject only to terms that are usual and customary for sales or disposals of such assets (or disposal group) and the transaction is highly probable. Management must be committed to the transaction, which should be expected to qualify for recognition as a completed transaction within one year from the date of classification.

When the C&A Group is committed to a sale plan or other transaction involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Provisions

Provisions are:

– recognised when: the C&A Group has a legal or constructive obligation as a result of a past event; it is probable that cash will be required to settle the obligation; and the amount has been reliably estimated.

– measured at the present value of the management's best estimate at reporting date of the cash outflow required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability where the time value is material. Any increase in the provision due to the passage of the time is recognised as an interest expense.

Employee benefits

The provision for employee benefits represents long service leave and annual leave entitlements and other incentives accrued by employees.

Close down and restoration costs

Close down and restoration costs include the dismantling and demolition of infrastructure, the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the site development or during the production phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

Close down and restoration costs are a normal consequence of operations and majority of close down and restoration expenditures are incurred at the end of the life of the operation. Although the ultimate cost to be incurred is uncertain, the Company estimates its costs based on specific legislative requirements.

The initial closure provision together with other movements in the provisions for close down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the outstanding continuous rehabilitation work at each balance date and the cost is charged to the profit or loss.

As a result of the change in ownership of the Company on 1 September 2017 the Group changed its accounting policy application prospectively from recognising changes in rehabilitation estimates through the statement of profit and loss to recognising a capital asset which is then depreciated over the life of mine. This change in accounting policy is to more closely align the recognition of rehabilitation provisions with the accounting standard AASB 137 Provisions, Contingent Liabilities and Contingent Assets, and associated accounting standard interpretations.

Remediation procedures may commence soon after the time of the disturbance, remediation processes and estimated remediation costs become known, but may continue for a number of years depending on the nature of the disturbance and the remediation techniques used.

Environmental clean-up costs

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the balance date. These costs are charged to the profit or loss. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a financing cost.

Take or pay

In acquiring part of a business or operation, an assessment is made on the fair value of the assets and liabilities under IFRS 3 Business Combinations. Take or pay is the assessment of forecast excess capacity for port and rail contracts. A provision was recognised for the discounted estimated excess capacity. The provision has a finite life and will be released to profit or loss over the period in which excess capacity is realised.

Sales contract

In acquiring part of a business or operation, an assessment is made on the fair value of the assets and liabilities under IFRS 3 Business Combinations. The sales contract provision is the assessment of a coal supply and transportation agreement to supply coal to BLCP Power Limited in Thailand at below market prices. A provision was recognised for the discounted estimated variance between contract and market prices. The provision has a finite life and will be released to profit or loss over the contract term.

Other provisions

The provision includes marketing services fee payable to Noble Group Limited deemed above market norms, contingent royalties payable to Rio Tinto Plc assessed as part of the Coal & Allied acquisition in 2017 which will be amortised over the contract term, and make good provisions to cover the cost to 'make good' any hired equipment, in case any major overhaul costs are incurred at the end of the lease period.

Contributed equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Costs directly attributable to the issue of new shares, options or other equity instrument are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

Foreign currencies

In the individual financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e., the currency of the primary environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

In the consolidated financial statements, the assets and liabilities of the C&A Group's foreign operations are translated into the presentation currency of the C&A at the rate of exchange prevailing at the reporting date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Employee benefits

(i) Employee benefits expenses

Employee benefits are expensed as the related service by the employee is provided and includes both equity and cash based payment transactions. Employee benefits recognised in the profit or loss are net of recoveries.

(ii) Superannuation

Contributions made by the C&A Group to defined contribution superannuation funds are recognised as an expense in the period in which they are incurred.

(iii) Wages and salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries, annual leave and accumulating sick leave that are expected to be wholly settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on wage and salary rates that C&A Group expects to pay as at the reporting date including related on costs, such as superannuation, workers compensation, insurance and payroll tax and are included in trade and other payables. Non-accumulating, non-monetary benefits such as housing and cars are expensed by the C&A Group as the benefits are used by the employee.

Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee salary and wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using corporate bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Additional Long Service Leave payments are made monthly to the Coal Mining Industry (Long Service Leave Funding) Corporation based on the eligible monthly payroll of employees involved in the mining of black coal. Reimbursement is sought from the fund when long service leave is paid to employees involved in the mining of black coal. An asset for the amount recoverable from the Coal Mining Industry (Long Service Leave Funding) Corporation is recognised in trade and other receivables.

These employee benefits are presented as current provisions as the C&A Group has no unconditional right to deferred settlement for at least 12 months after the end of the reporting period.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributed to the acquirer of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

– the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the Track Record Period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For

financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "other income" line item.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") are measured at FVTPL. Specifically:

– Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

– Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The C&A Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the 'investment income' line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, C&A Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, C&A Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which C&A Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to C&A Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor;

– significant increases in credit risk on other financial instruments of the same debtor; and

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the C&A Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the C&A Group has reasonable and supportable information that demonstrates otherwise.

Despite the a foregoing, the C&A Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The C&A Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

The C&A Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The C&A Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the C&A Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the C&A Group considers that default has occurred when a financial asset is more than 90 days past due unless the C&A Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the C&A Group in accordance with the contract and all the cash flows that the C&A Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

– Nature of financial instruments;

– Past-due status;

– Nature, size and industry of debtors; and

– External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the C&A Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the C&A Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date.

The C&A Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The C&A Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the C&A Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the C&A Group after deducting all of its liabilities.

Financial liabilities

The C&A Group's financial liabilities including bills and accounts payables, other payables, amounts due to the parent entity and its subsidiary companies, long term payables and borrowings which are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method and financial liabilities at fair value through profit or loss.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

– it has been incurred principally for the purpose of repurchasing in the near term; or

– on initial recognition it is a part of a portfolio of identified financial instruments that the C&A Group manages together and has a recent actual pattern of short-term profit-taking; or

– it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss is recognised in profit or loss includes any interest paid on the financial liabilities. Fair value is determined in a manner described in note 34.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the Track Record Period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the C&A are recognised at the proceeds received, net of direct issue costs.

Offsetting financial instruments

Financial assets and liabilities of the C&A Group are offset and the net amount presented in the consolidated statement of financial position when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The C&A Group designates certain derivatives as either: (i) hedges of the fair value of recognised assets or liabilities (fair value hedge); and (ii) hedges of highly probable forecast transactions (cash flow hedge).

The fair values of various derivative instruments used for hedging purposes. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

At the inception of the hedging relationship the C&A Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the C&A Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in cash flow hedge reserve in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss.

Hedge accounting is discontinued when the C&A Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(ii) Derivatives that do not qualify for hedge accounting and those not designated as hedging instruments

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting and those not designated as hedges are recognised immediately in the profit or loss.

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in investment revaluation reserve is recognised in profit or loss.

A financial liability is derecognised when, and only when, the C&A Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the C&A Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is outlined below.

Mine closure and rehabilitation provisions estimates

The calculation of rehabilitation and closure provisions (and corresponding capitalised closure cost assets where necessary) rely on estimates of costs required to rehabilitate and restore disturbed areas of land to their original condition. The costs are estimated on the basis of a closure plan. Significant judgement is required in determining the provision as there are many transactions and other factors that will affect the ultimate liability payable. Factors that will affect this liability include future disturbances caused by further development, changes in technology and restoration techniques, changes in the timing of rehabilitation expenditure due, for example, to changes in ore reserves or production rates, changes in regulations, price increases and changes in discount rates. These estimates are regularly reviewed and adjusted in order to ensure the most up to date data is used to calculate these balances. When these factors change in the future, such differences will impact the provision in the period in which they change or become known.

Determination of coal reserves and resources

The C&A Group estimates its coal reserves and coal resources based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves of December 2012 (the "JORC code"). Reserves determined in this way are used in the calculation of depreciation, amortisation and impairment charges, and the assessment of mine lives and for forecasting the timing of the payment of closure and rehabilitation costs.

Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount exceeds its recoverable amount. The assessment of the carrying amount often requires estimates of future cash flows and foreign exchange rates.

5. FINANCIAL RISK MANAGEMENT

The C&A Group carries out risk management under policies approved by the directors of C&A. The C&A Group provides principles for overall risk management, as well as written policies covering specific areas, such as mitigating interest rate and other risks, and the use of derivative and non-derivative financial instruments.

The C&A Group's business is coal mining and not trading. Accordingly, the C&A Group only contracts to sell coal that it plans to produce, however purchasing coal for resale may be required in circumstances where actual production falls short of contractual sales volumes. The C&A Group operates entirely in Australia and is exposed primarily to Australian dollar denominated costs. Sales are primarily denominated in US dollars. Cash deposits are denominated in both Australian and US dollars.

(a) Market risk

(i) Foreign exchange risk

The C&A Group markets its products internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to export coal sales being denominated in US dollars and recognised financial assets and liabilities that are denominated in a currency that is not the respective functional currency of entities within the C&A Group. The C&A Group has a number of US dollar denominated cash, trade receivables and payables balances. The exposures to foreign currency risk at the reporting dates were as follows:

Exposure

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	US$M	*US$M*	*US$M*
Cash	6	5	15
Trade receivables	60	126	50
Trade payables	40	101	106

Sensitivity

The sensitivity of profit or loss to changes in exchange rates arises mainly from US dollar denominated financial instruments. Profit is more sensitive to movements in the Australian dollar/US dollar exchange rates in 2016 than 2015 because of the increased net amount of USD denominated trade receivables and trade payables.

The tables below summarise the impact on the C&A Group's post-tax profit of a 10% movement of the Australian dollar against the US dollar with all other variables held constant. Other components of equity would have been unaffected.

	Impact on post-tax profit Sensitivity 10% increase FX*		
	Predecessor		Successor
	31 December	31 December	31 December
Index	**2015**	**2016**	**2017**
	A$M	*A$M*	*A$M*
Cash	(1)	–	(2)
Trade receivables	(5)	(11)	(4)
Trade payables	4	8	9
Total	(2)	(3)	3

	Impact on post-tax profit Sensitivity 10% decrease in FX*		
	Predecessor		Successor
	31 December	31 December	31 December
	2015	**2016**	**2017**
	A$M	*A$M*	*A$M*
Cash	1	–	2
Trade receivables	6	14	5
Trade payables	(4)	(11)	(11)
Total	3	3	(4)

* All other variables held constant. Figures include trade receivables and trade payables classified as held for sale.

(ii) Interest rate risk

The C&A Group's interest rate management policy is generally to borrow and invest at floating interest rates. This approach is based on a historical correlation between interest rates and commodity price. Cash deposits and borrowings issued at variable rates expose the C&A Group to risk of changes in cash flows due to changes in interest rates.

During the year ended 31 December 2015, 2016 and 2017, deposits were held at variable rates and were held in both Australian dollars and US dollars.

Exposure

	Predecessor		Successor
	31 December	**31 December**	**31 December**
	2015	**2016**	**2017**
	A$M	*A$M*	*A$M*
Cash	213	312	33
Borrowings	–	–	–

Sensitivity

The table below summarises the impact on the C&A Group's post-tax profit of a 50 basis points (bps) increase in interest rates with all other variables held constant. A 50 bps decrease would have the same impact in the opposite direction. Other components of equity would have been unaffected.

	Impact on post-tax profit 50 bps increase in interest rates		
	Predecessor		Successor
	31 December	**31 December**	**31 December**
	2015	**2016**	**2017**
	A$M	*A$M*	*A$M*
Cash	1	1	–
Borrowings	–	–	–

(iii) Price risk

The C&A Group's policy is to sell coal at prevailing market prices by creating a pricing portfolio of various pricing mechanisms available in the market. Typically for thermal coal this means three main pricing mechanisms-annual bi-lateral price negotiations with major customers for a 12 month fixed price, short term spot pricing and index linked pricing based on global COAL NEWC index which are settled monthly or quarterly depending on contract terms. Semi soft coking coal is priced on a quarterly basis, set through negotiations with major customers. A small proportion of semi soft sales are sold at spot price.

The marking to market of provisionally priced sales contracts is recorded as an adjustment to sales revenue.

Exposure

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Provisionally priced trade receivables	52	49	63

Sensitivity

The table below summarises the impact on the C&A Group's post-tax profit for a 10% increase in coal price because of provisionally priced trade receivables with all other variables held constant. A 10% decrease in coal price would have the same impact in the opposite direction. Other components of equity would have been unaffected.

	Impact on post-tax profit 10% increase in coal price		
	Predecessor		Successor
	31 December	31 December	31 December
Index	2015	2016	2017
	A$M	*A$M*	*A$M*
Impact to sales revenue	4	3	4

(b) Credit risk

(i) Risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The C&A Group is exposed to credit risk from its operating activities, including bank deposits, foreign exchange transactions and trade receivables.

Japan represents the highest percentage of the C&A Group's sales and accordingly Japanese customers represent the highest concentration of credit risk (refer to segment information in Note 6 for further details on sales by country of destination). However, management believes the C&A Group has minimal exposure to credit risk related to trade receivables or by virtue of the possible non-performance of the counterparties to the C&A Group's other financial instruments. There is a limited number of counterparties who purchase coal from the C&A Group, all of which are well known, reputable counterparties with sound financial positions. In the unlikely event of a default of counterparty, the C&A Group is likely to be able to sell its coal to another counterparty at short notice, reducing the scope for potential loss.

As at 31 December 2015, 2016 and 2017, the C&A Group has concentration of credit risk as 11.7%, 21.1% and 12.9% of the C&A Group's receivables were due from the C&A Group's largest customer respectively while 49.6%, 51.3% and 45.2% of the C&A Group's receivables were due from the C&A Group's five largest customers respectively.

The C&A Group has a single external customer which represents more than ten per cent of its total revenue. Refer to note 6(c).

Cash transactions are limited to high credit quality financial institutions. The C&A Group has policies that limit the amount of credit exposure to any one financial institution.

The maximum credit risk exposure to the C&A Group's financial assets at each reporting date is as follows:

	Predecessor		Successor
	31 December 2015	31 December 2016	31 December 2017
	A$M	*A$M*	*A$M*
Cash and cash equivalents			
Counterparties with external credit rating			
Deposits with Rio Tinto Finance (Baa1 credit rating – Moody's)	159	232	–
Deposits with banking institutions with a minimum Baa1 credit rating – Moody's	54	80	33
Total cash and cash equivalents *(Note 11)*	213	312	33
Trade and other receivables *(Note 12)*			
Trade and other receivables	130	276	554

Impaired trade receivables

Individual receivables which are known to be uncollectable are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment.

The C&A Group considers that there is evidence of impairment if any of the following indicators are present.

- significant financial difficulties of the debtor
- probability that the debtor will enter into bankruptcy

At 31 December 2015, 2016 and 2017 there were no impaired trade receivables.

Past due but not impaired

At 31 December 2015, 2016 and 2017 there were no trade receivables that were past due.

The other classes within trade and other receivables do not contain impaired assets and are not past due.

Credit risk in relation to financial guarantees

The C&A Group only issues financial guarantees in exceptional circumstances or where required in order to secure access to mining leases. Guarantees are usually required by government bodies in order to guarantee the restoration of disturbed sites under mining leases granted to the C&A Group. Refer to note 31 on contingent liabilities for further disclosure of the amount under risk and the counterparty involved.

(c) Liquidity risk

The C&A Group's liquidity and risk management strategies are principally driven by Yancoal. Liquidity needs and surpluses of the C&A Group are primarily managed through equity funding from and loans to Yancoal. Credit facilities have also previously been used to ensure sufficient funds are available to meet contractual obligations arising in the ordinary course of business.

(i) Maturities of financial liabilities

The amounts disclosed in the table below analyse the C&A Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	A$M	*A$M*	*A$M*	*A$M*	*A$M*	*A$M*	*A$M*
Predecessor 31 December 2015							
Non-derivatives							
Trade and other payables	251	–	–	–	–	251	251
31 December 2016							
Non-derivatives							
Trade and other payables	346	–	–	–	–	346	346
Successor 31 December 2017							
Non-derivatives							
Trade and other payables	384	–	–	–	–	384	384

(d) Capital risk management

The C&A Group's overriding objectives when managing capital include safeguarding the business as a going concern; maximising returns for Yancoal; and maintaining an optimal capital and tax structure in order to provide a high degree of financial flexibility at the lowest cost of capital. The capital structure of the C&A Group is regularly reviewed taking into account strategic priorities and the economic conditions within which the C&A Group operates.

The capital structure of the C&A Group consists of borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, including issued capital, reserves and retained earnings.

The C&A Group is part of a larger organisational structure and as such the ultimate parent controls the C&A Group's capital management policy. The ultimate parent controls financing decisions, however, cash levels are managed within the C&A Group. The C&A Group does not have a target debt to equity ratio, but considers various financial metrics including liquidity levels, total capital, cash flow and EBITDA to ensure a strong balance sheet is maintained.

The C&A Group's gearing ratios at Track Record Period were as follows:

	Predecessor		Successor
	31 December 2015	31 December 2016	31 December 2017
	A$M	*A$M*	*A$M*
Total borrowings	1	–	–
Less: Cash and cash equivalents	(213)	(312)	(33)
Net (cash)/debt	(212)	(312)	(33)
Total equity	1,867	1,312	1,579
Total capital	1,654	1,000	1,546
Gearing ratio (%)	–	–	–

6. SEGMENT INFORMATION

(a) Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting provided to the senior management team (being the chief operating decision maker), comprising the Managing Director of Coal and the Coal Executive Committee in assessing performance and determining strategy.

The C&A Group derives its revenue from coal mining and as such, performance is assessed for each of the operating coal mines individually. The following operating segments have been identified:

- Hunter Valley Operations
- Mount Thorley Warkworth
- Bengalla Mining
- Other

'Other' refers to corporate activities (including revenue from purchased coal), Mount Pleasant and any other items that are not appropriate to allocate to an individual operating segment.

Performance of the segments is assessed on a stand-alone, pre-tax basis as per below.

The senior management team do not regularly review assets and liabilities on a segment basis, rather at the consolidated level and therefore assets and liabilities by segment have not been disclosed.

(b) Segment results

	Hunter Valley Operations	Mount Thorley Warkworth	Bengalla Mining	Other	Total
	A$M	*A$M*	*A$M*	*A$M*	*A$M*
Predecessor Year ended 31 December 2015					
Segment revenue[1]	1,160	692	257	22	2,131
EBITDA[2]	242	164	84	(54)	436
Reconciliation of EBITDA to profit after tax					
Depreciation and amortisation expense					(184)
Net finance expense					(10)
Income tax benefit					42
Profit for the year					284

	Hunter Valley Operations	Mount Thorley Warkworth	Bengalla Mining	Other	Total
	A$M	*A$M*	*A$M*	*A$M*	*A$M*
Year ended 31 December 2016					
Segment revenue[1]	878	728	35	23	1,664
EBITDA[2]	71	215	570	(19)	837
Other material items included in EBITDA					
Debt forgiveness	(1,475)	–	–	–	(1,475)
Gain on sale of operations	1,567	–	261	32	1,860
Reconciliation of EBITDA to profit after tax					
Depreciation and amortisation expense					(125)
Net finance income					11
Income tax expense					(326)
Profit for the year					397

	Hunter Valley Operations	Mount Thorley Warkworth	Bengalla Mining	Other	Total
	A$M	*A$M*	*A$M*	*A$M*	*A$M*
1 January to 31 August 2017					
Segment revenue[1]	792	623	–	8	1,424
EBITDA[2]	326	270	–	(3)	593
Other material items included in EBITDA					
Debt forgiveness	–	–	–	–	–
Gain on sale of operations	–	–	–	–	–
Reconciliation of EBITDA to profit after tax					
Depreciation and amortisation expense					(78)
Net finance expense					(3)
Income tax benefit					169
Profit for the period					681

	Hunter Valley Operations	Mount Thorley Warkworth	Bengalla Mining	Other	Total
	A$M	*A$M*	*A$M*	*A$M*	*A$M*
Successor					
1 September to 31 December 2017					
Segment revenue[1]	383	321	–	28	732
EBITDA[2]	151	137	–	(2)	286
Other material items included in EBITDA					
Debt forgiveness	–	–	–	–	–
Gain on sale of operations	–	–	–	–	–
Reconciliation of EBITDA to profit after tax					
Depreciation and amortisation expense					(39)
Net finance expense					(1)
Income tax expense					(79)
Profit for the period					167

(1) Segment revenue refers to total sales revenue as per note 7 and are from external customers.

(2) EBITDA is earnings before net finance costs, depreciation, amortisation and income tax expense.

EBITDA is the key measure that management uses to assess performance of individual segments and make decisions on the allocation of resources.

EBITDA includes the C&A Group's share of profit (loss) from investments accounted for using the equity method, included within 'Other' and debt forgiven as part of the deed of forgiveness entered into by the C&A Group, Hunter Valley Resources Pty Ltd and Rio Tinto NSW Holdings Ltd.

(c) Other segment revenue disclosures

Segment revenue reconciles to total sales revenue from continuing operations as disclosed in Note 7.

The C&A Group is domiciled in Australia. Sales revenue by country of destination and product are outlined below:

	Predecessor			Successor
	31 December	31 December	1 January to 31 August	1 September to 31 December
	2015	2016	2017	2017
	A$M	*A$M*	*A$M*	*A$M*
Segment revenue				
Japan	937	544	554	282
Korea	214	216	212	66
Taiwan	214	233	130	70
Singapore	262	227	121	55
Thailand	224	163	130	85
Malaysia	36	53	–	–
China	37	28	18	72
Switzerland	76	38	–	–
Turkey	23	1	–	–
Other foreign countries	36	102	118	36
Australia	72	59	128	58
Total sales revenue *(note 7)*	2,131	1,664	1,411	724
Interest revenue	6	17	5	1
Other revenue	18	25	8	7
Total revenue	2,155	1,706	1,424	732
Total sales revenue by product				
Thermal	1,671	1,190	1,053	560
Semi-soft	460	474	358	164
	2,131	1,664	1,411	724

(d) Segment assets and liabilities

The senior management team do not regularly review assets on a segment basis and therefore assets and liabilities by segment are not disclosed here. All non-current assets are located in Australia.

7. REVENUE

	Predecessor			Successor
	31 December	31 December	1 January to 31 August	1 September to 31 December
	2015	2016	2017	2017
	A$M	*A$M*	*A$M*	*A$M*
From continuing operations				
Sales revenue				
Sale of coal – produced	2,091	1,638	1,411	698
Sale of coal – purchased	23	23	–	26
Sea freight	17	3	–	–
Interest income	–	–	5	1
Management fee income-related parties	–	–	1	6
Coal handling services	–	–	–	–
Dividend income	–	–	1	–
Rental and sub-lease rental income	–	–	1	1
Other income	–	–	5	–
	2,131	1,664	1,424	732

8. OTHER INCOME

	Predecessor			Successor
	31 December	31 December	1 January to 31 August	1 September to 31 December
	2015	2016	2017	2017
	A$M	*A$M*	*A$M*	*A$M*
Interest income	6	17	–	–
Management fee income-related parties	7	8	–	–
Coal handling services	5	5	–	–
Dividend income	–	1	–	–
Rental and sub-lease rental income	2	3	–	–
Other income	4	8	–	–
Net gain/(loss) on sale of PPE	–	1,860	26	(5)
	24	1,902	26	(5)

The net gain on sale of operations is a combination of the three sale events below:

On 3 February 2016, the C&A completed the sale of 32.4 per cent of the assets and liabilities associated with its Hunter Valley Operations to Mitsubishi Development Pty Ltd ("MDP"). The sale was in exchange for acquiring MDP's interest in the Coal & Allied Group (the "C&A Group"). A component of the non-cash consideration was intercompany receivables from Hunter Valley Resources Pty Ltd and Rio Tinto Coal NSW Holdings Ltd (parent of Hunter Valley Resources Pty Ltd). This intercompany receivable was later forgiven (refer Note 9(i)).

On 1 March 2016, the C&A completed the sale of the 40 per cent interest in Bengalla Joint Venture (Bengalla) to New Hope Corporation Limited.

On 4 August 2016, the C&A completed the sale of the Mount Pleasant thermal coal development project to MACH Energy Australia Pty Limited.

The table below is a reconciliation of the components of the net gain on sale of operations.

	Predecessor			Successor
	31 December	31 December	1 January to 31 August	1 September to 31 December
	2015	2016	2017	2017
	A$M	*A$M*	*A$M*	*A$M*
Cash consideration received	–	1,110	–	–
Less: Cash divested	–	(5)	–	–
Less: Transaction costs	–	(36)	–	–
Net cash consideration	–	1,069	–	–
Non-cash consideration				
Intercompany receivable	–	1,474	–	–
Contingent consideration	–	21	–	–
Total disposal consideration	–	2,564	–	–
Less: Carrying amount of net assets disposed				
Assets classified as held for sale	–	322	–	–
Other current assets	–	21	–	–
Property, plant and equipment and intangible assets	–	423	–	–
Deferred tax assets	–	1	–	–
Trade and other payables	–	(35)	–	–
Provisions	–	(42)	–	–
Liabilities classified as held for sale	–	(46)	–	–
Other	–	(1)	–	–
	–	643	–	–
Onerous contracts provision recognised on disposal	–	(61)	–	–
	–	1,860	–	–

9. EXPENSES

	Predecessor			Successor
	31 December	31 December	1 January to 31 August	1 September to 31 December
	2015	2016	2017	2017
	A$M	*A$M*	*A$M*	*A$M*
Employee benefits expense				
Salaries and other benefits	333	253	140	77
Transportation				
Rail Freight	139	101	61	13
Port charges	112	76	41	22
Net demurrage	24	15	8	7
	275	192	110	42
Debt forgiveness (i)	–	1,475	–	–
Finance costs				
Interest expenses	8	1	–	–
Unwinding of discount on provisions	8	6	3	1
	16	7	3	1

Depreciation is disclosed with Note 16 by class. No impairment has been recorded.

(i) Debt forgiveness

During 2016, the C&A and its wholly owned subsidiaries entered into a deed of forgiveness with Hunter Valley Resources Pty Ltd and Rio Tinto Coal NSW Holdings Ltd (parent of Hunter Valley Resources Pty Ltd), whereby each party agreed to settle all intercompany balances in existence at 31 August 2016. A second tranche was forgiven for any new intercompany balances arising from 31 August 2016 to 30 November 2016.

10. INCOME TAX (BENEFITS)/EXPENSES

	Predecessor			Successor
	31 December	31 December	1 January to 31 August	1 September to 31 December
	2015	2016	2017	2017
	A$M	*A$M*	*A$M*	*A$M*
Current tax expense on profits for the year	80	462	139	–
Adjustments to current tax for prior periods	(4)	–	1	–
	76	462	140	–
Deferred income tax expense/(benefit) included in income tax expense comprises:				
Deferred tax in relation to current year	(123)	(136)	(316)	79
Deferred tax in relation to prior year	5	–	7	–
	(118)	(136)	(309)	79
	(42)	326	(169)	79

The C&A and its subsidiaries in the C&A Group are subject to the standard income tax rate of 30% on its taxable income.

The total tax benefit/(expense) for the years can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows:

	Predecessor			Successor
	31 December	31 December	1 January to 31 August	1 September to 31 December
	2015	2016	2017	2017
	A$M	*A$M*	*A$M*	*A$M*
Profit from continuing operations before income tax expense	242	723	512	246
Tax at applicable income tax rate of 30.0%	72	217	153	73
Tax effect of amounts which are not taxable/deductible in calculating taxable income:				
Change in tax base due to sale	(110)	(337)	(331)	–
Debt forgiveness	–	442	–	–
Other	(4)	4	9	6
Income tax (benefits)/expenses	(42)	326	(169)	79

(a) Amounts recognised directly in equity

	Predecessor			Successor
	31 December	31 December	1 January to 31 August	1 September to 31 December
	2015	2016	2017	2017
	A$M	*A$M*	*A$M*	*A$M*
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:				
Deferred tax: Share based payments	(2)	1	–	–

(b) Unrecognised temporary differences

	Predecessor			Successor
	31 December	31 December	1 January to 31 August	1 September to 31 December
	2015	2016	2017	2017
	A$M	*A$M*	*A$M*	*A$M*
Tax losses	1	–	–	–
Unrecoverable deductions	–	–	–	–
	1	–	–	–

11. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

		Predecessor		Successor
		31 December	31 December	31 December
	Notes	2015	2016	2017
		A$M	*A$M*	*A$M*
Coal & Allied cash held		180	264	30
Coal & Allied's share of cash held in Joint Operations		33	48	3
Cash and cash equivalents per consolidated statements of financial position		213	312	33
Bank overdraft	*20*	(1)	–	–
Cash and cash equivalents per consolidated statements of cash flows		212	312	33

12. TRADE AND OTHER RECEIVABLES

		Predecessor		Successor
		31 December	31 December	31 December
	Notes	2015	2016	2017
		A$M	*A$M*	*A$M*
Trade receivables		73	177	112
Amounts due from related parties	*33(e)*	21	54	328
Other receivables		33	43	111
Long service leave receivable		–	–	53
Prepayments		3	2	3
		130	276	607
Presented as:				
Current Portion		130	276	554
Non-current portion		–	–	53

The following is an aged analysis of trade receivables, net of provision for impairment, based on the invoice dates at the reporting dates:

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
0 to 60 days	73	177	109
61 to 90 days	–	–	–
Over 90 days	–	–	3
	73	177	112

Before accepting any new customer, the C&A Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year.

The ageing analysis of the C&A Group's bills and accounts receivables, that were past due but not yet impaired as at 31 December 2015, 2016 and 2017, based on due date is as follows:

The C&A Group

	At 31 December		
	2015	2016	2017
	A$'M	*A$'M*	*A$'M*
1-90 days	31	45	23
91-180 days	9	19	4
181-365 days	9	13	1
Over 1 year	23	48	4
	72	125	32

The C&A Group does not hold any collateral over these balances. The management closely monitors the credit quality of accounts receivable and consider the balance that are neither past due nor impaired are of good credit quality.

13. CURRENT ASSETS – INVENTORIES

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Coal stocks – at cost			
Finished goods	16	7	18
Work in progress	13	16	18
	29	23	36
Stores			
Stores	60	38	35
Provision for obsolescence	(2)	–	–
	58	38	35
	87	61	71

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Balance as at 1 January	–	2	–
Impairment loss recognized during the year	1	–	–
Reversal of impairment loss recognized during the year	–	(2)	–
	1	–	–

14. CURRENT ASSETS – ASSET CLASSIFIED AS HELD FOR SALE

		Predecessor		Successor
		31 December	31 December	31 December
	Notes	2015	2016	2017
		A$M	*A$M*	*A$M*
Property, plant and equipment	*(i)*	288	–	–
Receivables	*(i)*	27	–	–
Inventories	*(i)*	5	–	–
Interest in joint venture	*(ii)*	–	–	106
Investment in associate	*(iii)*	–	–	26
		320	–	132

(i) The 31 December 2015 balance relates to the sale of the C&A Group's 40 per cent interest in the Bengalla Joint Venture. The sale was completed in 2016, refer to Note 6.

The 31 December 2017 balance relates to the following:

(ii) On 27 July 2017 YAL announced that it has entered into a binding agreement to establish a 51:49 unincorporated joint venture with Glencore in relation to HVO, following completion of Yancoal Australia Ltd acquisition of Coal & Allied from Rio Tinto. Glencore will pay cash consideration of US$429 million to the Group for a 16.6% interest in HVO, and this amount is reduced by the net cash flows generated by the 16.6% HVO interest from 1 September 2017 to the date of completion. The consideration will also include a 27.9% share of US$240 million of non-contingent royalties and 49% of HVO contingent royalties payable by Yancoal Australia Ltd and a net debt and working capital adjustment in respect of the Coal & Allied acquisition. The US$429 million includes US$20 million associated with the sale of shares in Newcastle Coal Shippers Pty Ltd held by Coal & Allied to Glencore noted above.

The land held for sale refers to parcels of non-mining land located in the Lower Hunter Valley that is held for development or future sale.

(iii) An indirect interest in Port Waratah Coal Services Pty Ltd of 6.5%, held via shares in Newcastle Coal Shippers Pty Ltd, will be sold for US$20m and is expected to complete in 2018.

15. NON-CURRENT ASSETS – INVESTMENTS IN ASSOCIATES

	Predecessor		Successor
	31 December 2015	31 December 2016	31 December 2017
	A$M	*A$M*	*A$M*
Shares in associates	216	206	145
Interest in joint venture partnership	–	–	–
	216	206	145

16. NON-CURRENT ASSETS-PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Operational mining properties	Plant and equipment	Construction in progress	Total
	A$M	*A$M*	*A$M*	*A$M*	*A$M*
Predecessor					
At 1 January 2015					
Cost	150	1,034	2,526	23	3,733
Accumulated depreciation	(2)	(536)	(1,541)	–	(2,079)
Net book amount	148	498	985	23	1,654
Year ended 31 December 2015					
Opening net book amount	148	498	985	23	1,654
Additions	–	–	–	64	64
Depreciation charge	–	(26)	(149)	–	(175)
Net disposals	–	(1)	(5)	–	(6)
Assets classified as held for sale	–	(160)	(123)	(5)	(288)
Transfers to/(from) construction in progress	2	7	48	(57)	–
Adjustment to rehabilitation and closure provisions	–	(6)	–	–	(6)
Closing net book amount	150	312	756	25	1,243

	Freehold land and buildings	Operational mining properties	Plant and equipment	Construction in progress	Total
	A$M	*A$M*	*A$M*	*A$M*	*A$M*
Predecessor					
At 1 January 2016					
Cost	152	713	2,267	25	3,157
Accumulated depreciation	(2)	(401)	(1,511)	–	(1,914)
Net book amount	150	312	756	25	1,243
Year ended 31 December 2016					
Opening net book amount	150	312	756	25	1,243
Additions	–	–	–	41	41
Depreciation charge	(1)	(9)	(106)	–	(116)
Net disposals	(1)	2	–	–	1
Net assets included in divested operations	(210)	(39)	(145)	(5)	(399)
Reclassifications	166	(166)	–	–	–
Transfers to/(from) construction in progress	16	7	18	(41)	–
Adjustment to rehabilitation and closure provisions	–	(8)	–	–	(8)
	120	99	523	20	762
At 31 December 2016					
Cost	166	330	1,697	20	2,213
Accumulated depreciation	(46)	(231)	(1,174)	–	(1,451)
Net book amount	120	99	523	20	762

	Freehold land and buildings	Operational mining properties	Plant and equipment	Construction in progress	Total
	A$M	*A$M*	*A$M*	*A$M*	*A$M*
At 1 January 2017					
Cost	166	330	1,697	20	2,213
Accumulated depreciation	(46)	(231)	(1,174)	–	(1,451)
Net book amount	120	99	523	20	762
Year ended 31 December 2017					
Opening net book amount	120	99	523	20	762
Additions	–	3	–	43	46
Depreciation charge	(1)	(7)	(100)	–	(108)
Net disposals	–	(1)	(2)	–	(3)
Reclassifications	(51)	51	–	–	–
Transfers to/(from) construction in progress	10	1	33	(44)	–
Adjustment to rehabilitation and closure provisions	–	6	11	–	17
Transfer to assets classified as held for sale	(16)	(15)	(56)	–	(87)
	62	137	409	19	627
Successor					
At 31 December 2017					
Cost	102	388	1,520	19	2,029
Accumulated depreciation	(40)	(251)	(1,111)	–	(1,402)
Net book amount	62	137	409	19	627

The following estimated useful lives are used for the depreciation of property, plant and equipment, other than freehold land:

– Buildings 10 – 25 years

– Operational mining properties 10 – 45 years

– Plant and equipment 2.5 – 25 years

– Leased plant and equipment 2 – 20 years

17. NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
The balance comprises temporary differences attributable to:			
Rehabilitation and closure provision	51	38	40
Employee benefits	28	28	11
Other provision	–	16	23
Tax losses	2	2	2
Property, plant and equipment and Intangible assets	–	69	375
Other receivables	–	1	3
Unrealised foreign exchange gains/losses	–	1	–
	81	155	454

18. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	Mining reserves	Others	Total
	A$M	*A$M*	*A$M*
COST			
At 1 January 2015	306	37	343
Reclassification	–	–	–
At 31 December 2015 and 1 January 2016	306	37	343
Disposal for the year	–	(26)	(26)
At 31 December 2016 and 1 January 2017	306	11	317
At 31 December 2017	306	11	317

	Mining reserves	Others	Total
	A$M	*A$M*	*A$M*
AMORTIZATION AND IMPAIRMENT			
At 1 January 2015	137	9	146
Provided for the year	8	1	9
At 31 December 2015 and 1 January 2016	145	10	155
Provided for the year	9	1	10
Disposal for the year	–	(2)	(2)
At 31 December 2016 and 1 January 2017	154	9	163
Provided for the year	8	1	9
Disposal for the year	–	–	–
At 31 December 2017	162	10	172
CARRYING VALUES			
At 31 December 2015	161	27	188
At 31 December 2016	152	2	154
At 31 December 2017	144	1	145

19. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

		Predecessor		Successor
		31 December	31 December	31 December
	Notes	2015	2016	2017
		A$M	*A$M*	*A$M*
Trade payables		222	290	257
Amounts due to related parties	*33(e)*	15	17	6
Intercompany payable in respect of income tax		–	13	75
Other payables		14	26	46
		251	346	384
The following is an aged analysis of trade payables:				
0 to 60 days		222	270	254
61 to 90 days		–	1	3
Over 90 days		–	19	–
		222	290	257

20. CURRENT LIABILITIES – BANK OVERDRAFT

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Bank overdraft	1	–	–

21. CURRENT LIABILITIES – BORROWINGS

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Shareholder loan – unsecured	–	–	–

The shareholder loan was advanced from its shareholders Australian Coal Holdings Pty Limited, Hunter Valley Resources Pty Ltd and Mitsubishi Development Pty Ltd and was unsecured and interest bearing at the London interbank offered rate for three month dollar deposits plus 5% and is repayable equally to all shareholders every three months.

Financing facilities

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Shareholder loan			
Total shareholder loan facility	–	–	–
Used at balance date	–	–	–
	–	–	–

The shareholder loan was repaid in full during 2015.

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Credit standby arrangements			
Total overdrafts	75	75	–
Unused at balance date	74	75	–
Loan facilities			
Total revolving loan facility	400	400	–
Unused at balance date	400	400	–

The bank overdraft facility was undrawn as at 31 December 2015, 2016 and 2017 (see Note 20 – Bank Overdraft).

An unsecured revolving loan facility of A$400.0 million was available at 31 December 2016 of which A$320.0 million (80 per cent) was with Rio Tinto Finance Limited and A$80.0 million (20 per cent) was with MDP. This facility lapsed on 9 February 2017.

22. CURRENT LIABILITIES – PROVISIONS

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Employee benefits	68	70	5
Rehabilitation	8	7	–
Other provisions*	–	41	10
	76	118	15

Refer to Note 25 for the movements in each class of provision other than employee benefits.

* Other provisions in 2016 and 2017 principally relates to onerous contracts.

23. CURRENT LIABILITIES – LIABILITIES CLASSIFIED AS HELD FOR SALE

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Provisions	25	–	43
Trade payables	19	–	10
Borrowing	–	–	–
	44	–	53

The 31 December 2015 balance above represent the liabilities of the Group's 40 per cent interest in Bengalla Joint Venture. Refer to Note 14 for further information and assets classified as held for sale.

24. NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
The balance comprises temporary differences attributable to:			
Property, plant and equipment and Intangible assets	54	–	–
Inventories	18	11	6
	72	11	6

25. NON-CURRENT LIABILITIES – PROVISIONS

	Predecessor		Successor
	31 December 2015	31 December 2016	31 December 2017
	A$M	*A$M*	*A$M*
Employee benefits	4	4	60
Rehabilitation	74	63	116
Closure	80	53	–
Other provisions*	–	13	–
	158	133	176

* Other provisions in 2016 principally relates to onerous contracts.

Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

At 31 December 2015

	Rehabilitation	Closure	Other	Total
	A$M	*A$M*	*A$M*	*A$M*
Current & Non-current				
Carrying amount at start of year	67	93	5	165
Additional provisions recognised	15	–	–	15
Adjustment to operation mining properties	–	(6)	–	(6)
Unwinding of discount	3	4	–	7
Assets classified as held for sale	(3)	(11)	–	(14)
Unused amounts reversed	–	–	–	–
Amounts used during the year	–	–	(5)	(5)
Carrying amount at end of year	82	80	–	162
At 31 December 2016				
Current & Non-current				
Carrying amount at start of year	82	80	–	162
Additional provisions recognised	6	1	61	68
Adjustment to operation mining properties	(1)	(8)	–	(9)
Unwinding of discount	4	2	–	6
Unused amounts reversed	(2)	–	–	(2)
Amounts used during the year	–	–	(9)	(9)
Foreign exchange	–	–	2	2
Net amounts divested	(19)	(22)	–	(41)
Carrying amount at end of year	70	53	54	177

At 31 December 2017

	Rehabilitation	Closure	Other	Total
	A$M	*A$M*	*A$M*	*A$M*
Current & Non-current				
Carrying amount at start of period	70	53	53	176
Additional provisions recognised	7	–	–	7
Adjustment to operation mining properties	–	–	–	–
Unwinding of discount	(3)	–	–	(3)
Unused amounts reversed	–	–	–	–
Amounts used during the year	(11)	–	(43)	(54)
Assets held for sale	–	–	–	–
Reclassifications	53	(53)	–	–
Carrying amount at end of year	116	–	10	126

26. SHARE CAPITAL

(a) Share capital

	Predecessor		Successor	Predecessor		Successor
	31 December		31 December	31 December		31 December
	2015	2016	2017	2015	2016	2017
	Shares	*Shares*	*Shares*	*A$M*	*A$M*	*A$M*
Ordinary shares – fully paid	86,584,735	86,584,735	86,584,735	441	60	60

During the year-ended 31 December 2016 there was a capital return of A$381 million to shareholders.

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the C&A Group in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings. In the event of winding up the Group ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Ordinary shares have no par value and the C&A Group does not have a limited amount of authorised capital.

(c) Earnings per share

The C&A Group is not required to calculate earnings per share as it is not a listed entity.

27. DIVIDENDS

Ordinary shares

	Predecessor			Successor
	31 December	31 December	1 January to 31 August	1 September to 31 December
	2015	2016	2017	2017
	A$M	*A$M*	*A$M*	*A$M*
Final dividend for the year ended 31 December 2015, 2016 and 2017 was paid of A$1.15, A$6.57 and A$6.72 per fully paid share respectively	100	569	581	–

No dividends have been paid or declared since year ended 31 December 2017.

28. OTHER RESERVES AND RETAINED EARNINGS

(a) Other reserves

(i) Share-based payments

The C&A Group participates in a number of share-based payment plans available to executives and employees of the C&A Group administered by Rio Tinto Limited. The share-based payments reflected in this reserve relate to various equity-settled Rio Tinto share option plans. The share-based payments reserve is used to recognise the fair value of options issued but not exercised. On 1 September 2017, due to a change of ownership of Yancoal Australia Limited, the share based payment scheme was settled and reserve recycled through retained earnings.

(ii) Foreign currency translation

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income as described in note 3(b) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(iii) Other reserves

Other reserves relates to the equity instruments reserve of Port Waratah Coal Services Ltd, an equity accounted associate of Coal & Allied Industries Limited.

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Share-based payments	11	9	–
Equity accounted units' equity instrument reserve	–	1	1
	11	10	1

(b) Retained earnings

Movements in retained earnings were as follows:

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Balance 1 January	1,230	1,413	1,240
Net profit for the year	283	396	857
Dividends paid	(100)	(569)	(582)
Balance 31 December	1,413	1,240	1,515

29. NON-CONTROLLING INTERESTS

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Interest in:			
Retained earnings	2	2	3

30. JOINT ARRANGEMENTS

Joint operations

At the end of the year the Group held the following interests in joint operations, the principal activity of which is coal mining and exploration:

	Principal place of business	31 December 2015	31 December 2016	31 December 2017
		%	%	%
Hunter Valley Operations	Australia	100	67.6	67.6
Bengalla Joint Venture	Australia	40	–	–
Mount Thorley Co-venture*	Australia	80	80	80
Warkworth Associates*	Australia	55.6	55.6	55.6

* Coal & Allied Industries Limited holds an 80 per cent interest in the Mount Thorley Co-Venture and a 55.574 per cent interest in Warkworth Associates. In 2004 these two joint ventures entered into an Operational Integration Agreement (OIA) that allows the two joint ventures to be managed as a single operation. Under the terms of the OIA production can be sourced from either mining lease and is allocated between the two joint ventures based on a tonnage ratio that is contractually agreed between the two joint ventures. The tonnage ratio is agreed at the beginning of each year. Since entering into the OIA the tonnage commitment ratio has been Warkworth Associates 65 per cent and Mount Thorley Co-Venture 35 per cent. In effect, Warkworth Associates receives 65 per cent and the Mount Thorley Co-Venture receives 35 per cent of the output from the combined mining leases with each joint venture then being responsible for the marketing and sale of its respective tonnage received. Production costs are shared on the same basis as the tonnage ratio. The OIA provides for compensation to be made for the use of each joint venture's assets and resource depletion.

Refer to Note 6 for further information.

31. CONTINGENCIES

(a) Contingent liabilities

The Group had contingent liabilities at 31 December 2015, 2016 and 2017 in respect of:

Guarantees

For information about guarantees given by entities within the Group and under the deed of cross guarantee, including the parent entity.

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Bank guarantees for restoration obligations The consolidated entity has a programme of on-going restoration as part of its mining operations. Guarantees have been provided to the NSW government in respect of the cost of restoration of certain leasehold properties, representing guarantees required by statute.	228	175	152
Bank guarantee for port allocation The consolidated entity has entered into various agreements with Port Waratah Coal Services Limited to secure port allocation arrangements and coal handling services. The consolidated entity has entered into various agreements with Newcastle Coal Infrastructure Group Pty Ltd as a condition of participating in the port nomination process.	98	91	100
Bank guarantees for rail network access The consolidated entity has entered into an access holder agreement with Australian Rail Track Corporation Limited relating to rail access to the Hunter Valley Network.	14	23	23
Bank guarantees for land conservation and environmental land offsets The consolidated entity has entered into various agreements with the Commonwealth Office of the Environment and Heritage, trading as National Parks and Wildlife with respect to land development in the Lower Hunter region.	19	19	54
Bank guarantees for infrastructure and emergency services			

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
The consolidated entity has entered into agreements with the NSW Department of Planning And Infrastructure for infrastructure and emergency services relating to land development applications in the Lower Hunter Valley.	5	5	2
Bank guarantee for other miscellaneous obligations			
The consolidated entity has entered into various agreements with State and local government authorities and other entities.	1	6	1

As at 31 December 2017, the Coal & Allied Industries Ltd and Yancoal Resources Ltd had contingent liabilities in the form of bank guarantees amounting to A$331.9 million (2016: A$319.5 million) associated with subsidiaries of Coal & Allied Industries Ltd, A$374.4 million (2016: A$91.8 million) associated with subsidiaries of Yancoal Resources Ltd and A$256.4 million (2016: A$nil) associated with Yancoal Australia Ltd. Total combined bank guarantees for 2017 are A$960.7 million (2016: A$411.3 million).

The Group has no other contingent liabilities or assets other than the ones mentioned in these financial statements.

32. COMMITMENTS

(a) Non-cancellable operating leases

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Commitments for minimum lease payments in relation of non-cancellable operating leases are payable as follows:			
Within one year	5	5	9
Later than one year but not later five years	11	8	12
Later than five years	–	–	–
	16	13	21
Average remaining lease terms	2 years	2 years	2 years

Items that are subject to operating leases include mining equipment, office space and small items of office equipment.

(b) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Within one year	12	16	17
Later than one year but not later five years	–	–	–
	12	16	17

(c) Lease commitments: Group as lessee

Non-cancellable mining leases

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Commitments required to satisfy expenditure requirements on mining and exploration lease:			
Within one year	16	12	9
Later than one year but not later five years	60	47	35
Greater than five years	109	66	5
	185	125	49

33. RELATED PARTY TRANSACTIONS

The consolidated entity operated through a Management Services Agreement with Rio Tinto Coal Australia Pty Limited (RTCA), an integrated approach to managing and organising its operating companies. Directly attributable costs are charged to Coal & Allied and costs that are incurred by RTCA on behalf of Coal & Allied are charged based on an estimate of time spent providing the service.

(a) Parent entities

The immediate parent entities are Australian Coal Holdings Pty Ltd and Hunter Valley Resources Pty Ltd which at 31 December 2016 owned 75.71% and 24.29% respectively (2015: 75.71%, 14.09%) of the issued ordinary shares of Coal & Allied. The ultimate parent entity at 31 December 2016 is Rio Tinto Limited.

The parent entity within the Group is Coal & Allied Industries Ltd. On 1 September 2017 the Group's parent entity changed from Rio Tinto Limited to Yancoal Australia Ltd. The ultimate parent entity and ultimate controlling party is Yankuang Group Corporation Limited (incorporated in the People's Republic of China).

(b) Subsidiaries

Interests in subsidiaries are set out in note 34.

(c) Terms and conditions

Amounts due to and from related parties are unsecured and non-interest bearing. There are no formal agreements for these amounts, therefore they are classified as current.

Transactions with other related parties were made on normal commercial terms and conditions.

(d) Ownership interests in related parties

Interests held in the following classes of related parties are set out in the following notes: Joint operations – note 30

Associates and Joint Ventures – note 34(a)

(e) Amounts due to and from related parties as at Track Record Period

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Cash deposited with Rio Tinto Finance Limited	160	231	–
Amounts owing by related parties *(note 12)*	21	54	328
Amounts owing to related parties *(note 19)*	(15)	(17)	(6)

The Cash deposited with Rio Tinto Finance Limited is interest bearing at the unofficial unsecured overnight mid-rate quoted on the Reuters Screen 'AUCASH=' at 11:00am on the applicable date on which interest is to be calculated. This is settled with 1 business days notice.

The amounts owing by and to related parties are non-interest bearing and are settled on thirty day terms.

(f) Transactions with other related parties

The following transactions occurred with other related parties:

	Predecessor			Successor
	31 December	31 December	1 January to 31 August	1 September to 31 December
	2015	2016	2017	2017
	A$M	*A$M*	*A$M*	*A$M*
Rio Tinto Group companies				
Expenditure				
Insurance services	(4)	(4)	(4)	–
Management services	(62)	(53)	(37)	–
Interest paid	(6)	–	–	–
Shipping services	(18)	(3)	–	–
Consulting services	(2)	–	–	–
Debt forgiveness	–	(1,475)	–	–
Share based payment expenses	6	2	–	–
Revenue				
Interest received	5	16	4	–
Coal sales	247	206	190	–
Yancoal Group companies				
Expenditure				
Insurance services	–	–	–	(4)
Management services	–	–	–	(7)
Revenue				
Coal Sales	–	–	–	132
Other related companies				
Port Waratah Coal Services Limited				
Coal handling charges	(65)	(36)	(17)	–
Management fee	1	2	1	–
Employee related recharges	–	1	1	–
Dividend revenue – associates	12	13	6	6
Mitsubishi Development Pty Limited				
Commissions paid	(1)	(1)	(1)	–
Interest paid	(2)	–	–	–

Coal Handling charges are calculated based a throughput rate agreed by the PWCS management. Management fee is generated for providing management services to PWCS.

Employee related charges are reimbursement for provided employee services to PWCS. Dividend revenue are dividends received from PWCS.

Commissions paid are for 1% of the average quarterly price on Japanese sales from Hunter Valley Operations.

Interest paid on shareholder loan at London interbank offered rate for three month dollar deposits plus 5%.

34. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(a) Interests in associates and joint ventures

Set out below are the associates and joint ventures of the C&A Group as at 31 December 2015, 2016 and 2017. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	Class of shares held	Principal activities	% of ownership interest			Nature of relationship	Measurement method	Carrying amount		
				31 December					31 December		
				2015	2016	2017			2015	2016	2017
Port Waratah Coal Services Limited (1)	Australia	Ordinary	The provision of coal receivable, blending, Stockpiling and ship loading service	36.5	36.5	36.5	Associate	Equity method	215	205	145
UBE C&A Co Ltd	Japan	Ordinary	The provision of procurement, coal handling and storage facilities, charter of oceangoing vessels and barging of coal service	24.5	24.5	–	Associate	Equity method	1	1	–
Bengalla Agricultural Company Pty Limited	Australia	Ordinary	Non-trading entity	–	–	–	Joint venture	Equity method	–	–	–
									216	206	145

All of the above associates have been accounted for using equity method in the consolidated financial statements.

The financial information and carrying amount, in aggregate, of the Group's interests in associates that are accounted for using the equity method are set out below:

	Predecessor			Successor
	31 December	31 December	1 January to 31 August	1 September to 31 December
	2015	2016	2017	2017
	A$M	*A$M*	*A$M*	*A$M*
The Group's share of (loss)/profit and total comprehensive income	7	2	(16)	(6)
Aggregate carrying amount of the Group's interests in these associates	216	206	170	145

The principal activities of Port Waratah Coal Services Limited were the provision of coal receivable, blending, stockpiling and ship loading services in the Port of Newcastle. The investment is strategic as the Group utilises port services provided by the associate.

(i) Summarised financial information for associates and joint ventures

The tables below provide summarised financial information for those associates that are material to the C&A Group. The information disclosed reflects amounts presented in the financial statements of the relevant associates. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Port Waratah Coal Services Limited		
Summarised balance sheet	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Total current assets	88	76	79
Non-current assets	1,685	1,620	1,433
Total current liabilities	(438)	(312)	(351)
Total non-current liabilities	(743)	(822)	(665)
Net assets	592	562	496
Ownership share (%)	37	37	37
Carrying amount of investment	216	205	145

Summarised balance sheet	Port Waratah Coal Services Limited		
	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Reconciliation to carrying amounts of investment:			
Carrying amount at 1 January	221	216	205
Share of (loss)/profit after income tax	7	2	(22)
Amount reclassified as asset held for sale	–	–	(25)
Dividends received/receivable	(12)	(13)	(13)
Carrying amount at 31 December	216	205	145
Summarised statement of comprehensive (expense)/income			
Revenue	320	301	329
(Loss)/profit before income tax	26	10	(73)
Income tax benefit/(expense)	(8)	(3)	22
(Loss)/profit from continuing operations	18	7	(51)
(Loss)/profit for the period	18	7	(51)
Other comprehensive income	–	–	–
Total comprehensive (expense)/income	18	7	(51)

(ii) Share of associates' expenditure commitment

	Predecessor		Successor
	31 December	31 December	31 December
	2015	2016	2017
	A$M	*A$M*	*A$M*
Capital commitments	24	15	1
Lease commitments	47	43	41
Other commitments	19	14	50
	90	72	92

(b) Significant investments in subsidiaries

The consolidated financial information incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 3(a). The proportion of ownership interest is the same proportion of voting rights held.

		Predecessor		Successor
	Notes	**31 December 2015**	**31 December 2016**	**31 December 2017**
		%	%	%
Australian Coal Resources Limited	A	100	100	100
Black Hill Land Pty Ltd		100	100	100
Catherine Hill Bay Land Pty Ltd		100	100	100
CNA Bengalla Pty Limited	D	100	–	–
CNA Bengalla Investments Pty Limited	A	100	100	100
CNA Investments (UK) Pty Limited	D	100	100	–
CNA Resources Holdings Pty Limited	D	100	100	–
CNA Resources Limited	A, D	100	100	–
CNA Sub Holdings Pty Limited		100	100	–
CNA Warkworth Australasia Pty Limited	A	100	100	100
CNA UK Limited	D	100	–	–
Coal & Allied Mining Services Pty Limited	A	100	100	100
Coal & Allied Operations Pty Limited	A	100	100	100
Darex Capital Inc (UK)	D	100	–	–
Dolphin Properties Pty Limited	C, D	100	100	–
Gwandalan Land Pty Ltd		100	100	100
HV Operations Pty Ltd	A	100	100	100
HVO Coal Sales Pty Ltd	B	67	67	67
Kalamah Pty Ltd	A	100	100	100
Lower Hunter Land Holdings Pty Ltd		100	100	100
Miller Pohang Coal Company Pty limited	B	80	80	80
Minmi Land Pty Ltd		100	100	100
Mount Thorley Coal Loading Pty Limited	B	66	66	66
Mount Thorley Operations Pty Limited	A	100	100	100
Namoi Valley Coal Pty Limited	A	100	100	100
Nords Wharf Land Pty Ltd		100	100	100
Northern (Rhondda) Collieries Pty Limited	A	100	100	100
Novacoal Australia Pty Limited	A	100	100	100
Oaklands Coal Pty limited		100	100	100
Coal & Allied (NSW) Pty Limited	A	100	100	100
R W Miller (Holdings) Limited	A	100	100	100
Warkworth Coal Sales Pty Ltd		56	56	56
Warkworth Pastoral Company Pty Ltd		56	56	56
Warkworth Tailings Treatment Pty Ltd		56	56	56
Warkworth Mining Limited		56	56	56

All entities are incorporated in Australia except the following:

Entity	Place of incorporation
Darex Capital Inc (UK)	United Kingdom
CNA UK Limited	United Kingdom

Notes:

A These wholly-owned companies and the parent entity have entered into a deed of cross guarantee under which each Group guarantees the debts of the others. By entering into the deed, the wholly-owned entities are relieved from the requirement to prepare a Financial Report and directors' report under Australian Securities and Investment Commission Class Order 98/1418. These companies represent a "Closed Group" for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by the parent entity, they also represent the "Extended Closed Group".

On 19 December 2016 the following entities were added to the deed of cross guarantee:

CNA Warkworth Australiasia Pty Ltd
CNA Resources Limited
CNA Bengalla Investments Pty Ltd
Kalamah Pty Limited
Coal & Allied Mining Services Pty Ltd
HV Operations Pty Ltd

The proportion of ownership interest is equal to the proportion of voting power held.

B Non-controlling interest in controlled entities refer to Note 29.

C Non-beneficially controlled.

D These entities were deregistered during 2017.

35. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the C&A Group or economic entity in subsequent financial years except for the following:

Effective 1 March 2018 CNA Warkworth Australasia Pty Ltd, a subsidiary of C&A, completed its purchase of Mitsubishi Development Pty Ltd's 28.898% interest in the Warkworth joint venture for US$230 million plus an adjustment for working capital. The C&A Group now owns 84.472% of the Warkworth joint venture, which will increase the C&A Group's share of coal production from the integrated Mount Thorley Warkworth ("MTW") operations from 64.1% to 82.9%.

36. CARVE OUT ACCOUNTING

The consolidated financial information presented in this Accountants' Report above represents the audited financial information of the Group for the financial years ended 31 December 2015, 2016 and 2017.

As further stated in note 8, the C&A Group had disposed of certain material operations during the year ended 31 December 2016. The information set forth below provides carve-out adjustments to those financial information to reflect the consolidated financial information of the Group as if those disposals were completed on 1 January 2015.

The carve-out adjustments made comprise:

Bengalla

In March 2016 Coal & Allied's interest in Bengalla was sold to New Hope. The carve out adjustments remove the one-off gain on sale of Bengalla as well as all Bengalla assets and associated P&L and cash flow for the three year financial period.

Mount Pleasant

In August 2016 the Mount Pleasant thermal coal development project was sold to MACH Energy Australia Pty Ltd. The carve out adjustments remove the one-off gain on sale of Mount Pleasant as well as all Mount Pleasant assets and associated P&L and cash flow for the three year financial period.

HVO 32.4%

In February 2016 Coal & Allied sold 32.4% of its interest in the Hunter Valley Operations to Mitsubishi Development. The carve out adjustments remove the one-off gain on sale of HVO beneficial interest as well as the 32.4% of HVO's assets and associated P&L and cash flow for the three year financial period.

Included below is the consolidated income statement and consolidated statement of cash flows of the Group for the financial years ended 31 December 2015, 2016 and 2017 after making the carve-out adjustments.

Included below is the consolidated balance sheet of the Group as at 31 December 2015, 2016 and 2017 after making the carve-out adjustments.

PROFORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

	31 December 2015			31 December 2016			31 December 2017		
	As Reported	Carve Outs	Adjusted	As Reported	Carve Outs	Adjusted	As Reported	Carve Outs	Adjusted
	A$M	A$M	A$M	A$M	A$M	A$M	A$M	A$M	A$M
Revenue	2,131	634	1,497	1,664	65	1,599	2,156	–	2,156
Other income	24	–	24	1,902	1,860	42	21	–	21
Changes in inventories of finished goods and WIP	(22)	(4)	(18)	(6)	5	(11)	15	–	15
Raw material and consumables used	(524)	(145)	(379)	(357)	(16)	(341)	(415)	–	(415)
Employee benefits expense	(333)	(80)	(253)	(253)	(8)	(245)	(217)	–	(217)
External services	(256)	(70)	(186)	(192)	(11)	(181)	(249)	–	(249)
Selling and distribution	(437)	(132)	(305)	(322)	(33)	(289)	(319)	–	(319)
Debt forgiveness	–	–	–	(1,475)	(1,475)	–	–	–	–
Other operating expenses	(108)	(26)	(82)	(90)	(6)	(84)	(60)	–	(60)
Net (loss)/gain on disposal of property, plant and equipment	(2)	–	(2)	10	–	10	–	–	–
Depreciation and amortisation expense	(184)	(53)	(131)	(125)	(3)	(122)	(117)	–	(117)
Exploration and evaluation	(8)	(8)	–	–	–	–	–	–	–
Freight and purchased coal	(40)	(11)	(29)	(26)	–	(26)	(34)	–	(34)
Net foreign exchange gains	10	2	8	(2)	–	(2)	3	–	3
Finance costs	(16)	(2)	(14)	(7)	(1)	(6)	(4)	–	(4)
Share of profits after tax of equity accounted units	7	–	7	2	–	2	(22)	–	(22)
Profit before income tax	242	105	137	723	377	346	758	–	758
Income tax benefit/(expense)	42	87	(45)	(326)	(226)	(100)	90	–	90
Profit for the year	284	192	92	397	151	246	848	–	848
Profit for the year is attributable to:									
Owners of Coal & Allied Industries Limited	283	192	91	396	151	245	847	–	847
Non-controlling interests	1	–	1	1	–	1	1	–	1
	284	192	92	397	151	246	848	–	848
Other comprehensive income									
Items that may be reclassified to profit or loss									
Share of other comprehensive income of equity accounted unites	–	–	–	–	–	–	–	–	–
Foreign differences on translation	–	–	–	–	–	–	–	–	–
Other comprehensive income for the year, net of tax	–	–	–	–	–	–	–	–	–
Total comprehensive income for the year	284	192	92	397	151	246	848	–	848
Total comprehensive income for the year is attributable to:									
Owners of Coal & Allied Industries Limited	283	192	91	396	151	245	847	–	847
Non-controlling interests	1	–	1	1	–	1	1	–	1
	284	192	92	397	151	246	848	–	848

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015, 2016 AND 2017

	31 December 2015			31 December 2016			31 December 2017		
	As Reported	Carve Outs	Adjusted	As Reported	Carve Outs	Adjusted	As Reported	Carve Outs	Adjusted
	A$M	*A$M*	*A$M*	*A$M*	*A$M*	*A$M*	*A$M*	*A$M*	*A$M*
ASSETS									
Current assets									
Cash and cash equivalents	213	4	209	312	–	312	33	–	33
Trade and other receivables	130	25	105	276	–	276	554	–	554
Inventories	87	18	69	61	–	61	71	–	71
Assets classified as held for sale	320	320	–	–	–	–	132	–	132
Total Current assets	750	367	383	649	–	649	790	–	790
Non-Current assets									
Receivables	–	–	–	–	–	–	53	–	53
Investment accounted for using the equity method	216	–	216	206	–	206	145	–	145
Land held for development or future sale	1	–	1	1	–	1	1	–	1
Property, plant and equipment	1,243	394	849	762	–	762	627	–	627
Deferred tax assets	81	(51)	132	155	–	155	454	–	454
Intangible assets	188	25	163	154	–	154	145	–	145
Total non-current assets	1,729	368	1,361	1,278	–	1,278	1,425	–	1,425
Total assets	2,479	735	1,744	1,927	–	1,927	2,215	–	2,215
LIABILITIES									
Current liabilities									
Trade and other payables	251	41	210	346	–	346	384	–	384
Bank overdraft	1	–	1	–	–	–	–	–	–
Provisions	76	31	45	118	–	118	15	–	15
Current tax liabilities	7	7	–	4	–	4	–	–	–
Liabilities classified as held for sale	44	44	–	–	–	–	53	–	53
Total Current liabilities	379	123	256	468	–	468	452	–	452
Non-Current liabilities									
Deferred income	3	–	3	3	–	3	2	–	2
Deferred tax liabilities	72	58	14	11	–	11	6	–	6
Provisions	158	22	136	133	–	133	176	–	176
Total non-liabilities	233	80	153	147	–	147	184	–	184
Total liabilities	612	203	409	615	–	615	636	–	636
Net assets	1,867	532	1,335	1,312	–	1,312	1,578	–	1,579
EQUITY									
Contributed equity	441	–	441	60	–	60	60	–	60
Other reserves	11	1	10	10	–	10	1	–	1
Retained earnings	1,413	531	882	1,240	–	1,240	1,515	–	1,515
Non-controlling interests	2	–	2	2	–	2	3	–	3
Total equity	1,867	532	1,335	1,312	–	1,312	1,579	–	1,579

PROFORMA CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

	31 December 2015			31 December 2016			31 December 2017		
	As Reported	Carve Outs	Adjusted	As Reported	Carve Outs	Adjusted	As Reported	Carve Outs	Adjusted
	A$M	*A$M*	*A$M*	*A$M*	*A$M*	*A$M*	*A$M*	*A$M*	*A$M*
Cash flows from operating activities									
Receipts from customers	2,175	635	1,540	1,555	96	1,459	1,989	–	1,989
Payments to suppliers and employees	(1,642)	(566)	(1,076)	(1,121)	(231)	(890)	(1,166)	–	(1,166)
	533	69	464	434	(135)	569	823	–	823
Interest paid	(9)	–	(9)	–	–	–	–	–	–
Income taxes paid	(110)	(49)	(61)	(12)	71	(83)	(232)	–	(232)
Tax paid to tax consolidation group head entity	–	–	–	(440)	(440)	–	–	–	–
Dividends received	12	–	12	13	–	13	–	–	–
Interest received	6	–	6	18	–	18	7	–	7
Net cash inflow from operating activities	432	20	412	13	(504)	517	598	–	598
Cash flows from investing activities									
Payment for property, plant and equipment	(64)	(21)	(43)	(40)	–	(40)	(59)	–	(59)
Drawdown from related parties	–	–	–	–	–	–	(272)	–	(272)
Dividends received	–	–	–	–	–	–	13	–	13
Payments for exploration	(8)	(8)	–	–	–	–	–	–	–
Proceeds from sale of property, plant and equipment	4	2	2	9	–	9	23	–	23
Proceeds from divestment	–	–	–	1,069	1,069	–	–	–	–
Net cash outflow from investing activities	(68)	(27)	(41)	1,038	1,069	(31)	(295)	–	(295)

PROFORMA CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

	31 December 2015			31 December 2016			31 August 2017		
	As Reported	Carve Outs	Adjusted	As Reported	Carve Outs	Adjusted	As Reported	Carve Outs	Adjusted
	A$M	*A$M*	*A$M*	*A$M*	*A$M*	*A$M*	*A$M*	*A$M*	*A$M*
Cash flows from financing activities									
Dividends paid to non-controlling interest	(1)	–	(1)	(1)	–	(1)	(1)	–	(1)
Dividends paid	(100)	–	(100)	(569)	(569)	–	–	–	–
Return of capital	–	–	–	(380)	–	(380)	(581)	–	(581)
Repayment of loan facilities	(293)	–	(293)	–	–	–	–	–	–
Repayment of advances from related entities	–	–	–	–	–	–	–	–	–
Net cash outflow from financing activities	(394)	–	(394)	(950)	(569)	(381)	(582)	–	(582)
Net decrease in cash and cash equivalents	(30)	(7)	(23)	100	(4)	104	(279)	–	(279)
Cash and cash equivalents at the beginning of the year	242	11	231	212	4	208	312	–	312
Cash and cash equivalents at end of year	212	4	208	312	–	312	33	–	33