

Appendix 4D

Half-Year Report

Name of Entity

Australian Natural Proteins Limited

ABN or equivalent company reference	Half-yearly (<i>tick</i>)	Preliminary final (<i>tick</i>)	Financial year ended (<i>'current period'</i>)
A.B.N. 84 095 821 971	√		6 months ended 31 Dec 15

Results for announcement to the market

Results	A \$'000		
Total revenues	down	0%	to \$3
Net loss for the period attributable to members	down	93%	to (\$194)

Dividends	Amount per security	Franked amount per security
Final dividend – no dividend is proposed	N/A	N/A
Previous corresponding period – no dividend declared	N/A	N/A
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	N/A	

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.000	\$0.000

Explanation of Net Profit / (Loss)

Refer to Directors Report – Review of Operations

1. Details of entity over which control has been gained or lost during the period:

No change during the period.

2. Details of individual and total dividends or distribution payments. The details must include the date on which each dividend or distribution is payable, and if known the amount per security of foreign sourced dividend or distribution.

Not applicable - no dividends have been declared or paid.

3. Details of any dividends or distribution reinvestment plans in operations and the last date for receipt of an election notice for participation in any dividend or distribution reinvestment plan.

Not applicable

4. Details of associated joint venture entities

Not applicable

This report is based on:

The financial report has been reviewed by an independent auditor.

Sign here:


(Company Secretary)

Date: 26 February 2016

Print name: Justyn Stedwell

AUSTRALIAN NATURAL PROTEINS LIMITED



ACN 095 821 971

December 2015

HALF YEAR REPORT

FINANCIAL REPORT FOR HALF-YEAR ENDED 31 DECEMBER 2015

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DIRECTORS' REPORT

For the half-year ended 31 December 2015

Your directors present their report, together with the financial statements of Australian Natural Proteins Limited and its controlled entities ("group") for the half-year ended 31 December 2015.

OPERATIONS

The Board of Directors remain committed to developing the company's ongoing position in the agricultural industry.

The company continues to analyse and evaluate its options for winter cropping on leased land and to move forward with an expansion into the dairy industry. The company's decision after much research to suspend all cropping activity in 2015 due to adverse market conditions, on-going arid conditions, and high water costs leading into the summer season has been well and truly vindicated with wheat and barley crops being sacrificed for hay which led to depressed returns and losses being sustained generally within the industry.

The company has continued to actively pursue its options and ambitions to incorporate a dairy portfolio expansion program into its agricultural intentions. As previously advised, the Directors have primarily focused on the acquisition of the 5 farms identified with GRS Foods Pty Ltd (GRS). By applying their agricultural knowledge and investigating all of the aspects relevant to due diligence in relation to these farms the Directors now have a more complete understanding of these farming operations and are confident that, following the proposed funded acquisition the company will operate in an efficient and profitable manner and be in a position to capitalise on the economies of scale that will be introduced.

In August 2015 the company employed its agricultural knowledge and skills by commencing an agricultural consulting arm to provide services to the dairy industry and in particular to advise on instigating state of the art efficiency techniques that it has researched. The company continues to seek opportunities to expand its services in this area.

Following analysis of the farms with GRS, further discussions as to the best way forward has resulted in mutual agreement to renegotiate and amend the earlier acquisition agreement. As a result GRS will continue to act as broker and facilitator on the acquisition, but Australian Natural Proteins will now acquire each of the properties in its own right in lieu of purchasing GRS. Contracts will be re-drawn with each farm and following confirmation of funding acquisition will occur. This has been a mutual and cooperative arrangement between the parties involved.

ICBC Capital continue to act as funding advisor and facilitator, and are dealing with what has become a volatile and cautious capital market both in Australia and overseas. The increased international scrutiny on large funds is also slowing capital raising activity globally and this may impact the timing of funds being available to Australian Natural Proteins Limited

Currently ICBC Capital have identified several funding groups with an interest in supporting dairy acquisitions in Australia. These groups are both internationally and domestically based, and have expressed a keen interest in the Australian Natural Proteins' Dairy Project. Due diligence on the Project is continuing as more approaches are made to ICBC with each fund requiring their own additional information. The Directors are continually addressing matters raised in an orderly and informative manner.

Both the Board of Australian Natural Proteins and ICBC Capital are confident the confirmation of successful funding will occur during the March quarter.

In the meantime, the Board continues to attend to its day to day activities with emphasis on maintaining the Group's working capital reserves.

DIRECTORS' REPORT

For the half-year ended 31 December 2015

CAPITAL RAISING

The company completed a capital raising at the \$0.006 level for both Tranche 1 and Tranche 2 Convertible Notes which it had commenced in early 2015. Conversion of the Convertible Notes issued for this raising occurred following approval at the 2015 AGM.

The company expects to have access to further funds when existing options become available in April 2016.

SHARE ISSUES

Date	Number of Shares issued	Issue Price	Detail
14 September 2015	16,666,667	\$0.006	Private Placement
16 November 2015	100,333,167	\$0.006	Issue of Shares upon conversion of Tranche 1 and Tranche 2 Convertible Notes
3 December 2015	10,833,334	\$0.006	Private Placement

GOING CONCERN

The financial information has been prepared on the "going concern" basis, which assumes the continuation of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The continuance of business activities for the company will be dependent on further successful capital raising and Bond or debt funding.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of Directors there were no significant changes in the state of affairs of the group that occurred in the half year under review, that are not disclosed elsewhere or in the financial statements accompanying this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Since the end of the 2015 financial year the Company has focused on a significant reform program to restructure the company and put together a portfolio of agricultural assets and business opportunities for acquisition.

As elucidated earlier in this report the restructuring and amendments to the arrangements with GRS in no way diminish the opportunity identified through acquisition of the Riverina dairy farms and in fact have enhanced the efficiency and progress of the venture. We are proceeding diligently with plans to acquire the 5 dairy farms identified around Cobram in Victoria and Finley in NSW on a walk in walk out basis, on confirmation of funding requirements being put in place.

This Directors Report, is signed in accordance with a resolution of the Board of Directors.

Paul Duckett
Chair of Directors



26 February 2016

Auditor's Independence Declaration to the Directors of Australian Natural Proteins Limited

In relation to our review of the financial report of Australian Natural Proteins Limited for the half-year ended 31 December 2015 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



PKF Melbourne Audit & Assurance



Steven Bradby

Partner

Melbourne, 26 February 2016

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half-Year Ended 31 December 2015

	<i>Note</i>	<i>CONSOLIDATED Dec 2015 \$</i>	<i>CONSOLIDATED Dec 2014 \$</i>
REVENUE FROM OPERATING ACTIVITIES			
Revenue		2,669	-
Financing expenses		(2,442)	(2,912)
Employee benefits expense		(1,174)	(40,484)
Consultant & contractor expenses		(77,273)	(25,551)
Depreciation expenses		(5,686)	(7,530)
Other expenses		(110,021)	(36,982)
Loss on disposal of plant & equipment		-	(4,332)
Total expenses		(196,596)	(117,791)
Loss from operating activities		(193,927)	(117,791)
RESULT FROM DISCONTINUED OPERATIONS			
Employee benefits expense		-	(1,682)
Other expenses		-	(2,202)
Loan write off due to impairment		-	(2,526,311)
Loss from discontinued operations		-	(2,530,195)
LOSS BEFORE INCOME TAX		(193,927)	(2,647,986)
Income tax expense		-	-
Loss for the year		(193,927)	(2,647,986)
Other comprehensive income		-	-
Total comprehensive income for the year		(193,927)	(2,647,986)
Earnings per share			
Basic earnings per share (cents)		(0.07)	(1.74)
Diluted earnings per share (cents)		(0.07)	(1.74)

This Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position
As at 31 December 2015

	<i>Note</i>	<i>CONSOLIDATED Dec 2015 \$</i>	<i>CONSOLIDATED Jun 2015 \$</i>
ASSETS			
Current Assets			
Cash and cash equivalents		139,054	175,341
Trade and other receivables		58,326	2,166
Total Current Assets		197,380	177,507
Non-current Assets			
Property, plant and equipment		38,990	44,676
Total Non-current Assets		38,990	44,676
TOTAL ASSETS		236,369	222,183
LIABILITIES			
Current Liabilities			
Trade and other payables		67,435	93,309
Loans and borrowings		193,455	726,468
Total Current Liabilities		260,890	819,777
TOTAL LIABILITIES		260,890	819,777
NET ASSETS		(24,521)	(597,594)
EQUITY			
Contributed equity		18,668,260	17,901,261
Accumulated losses		(18,692,781)	(18,498,855)
TOTAL EQUITY		(24,521)	(597,594)

This Statement of Financial Position should be read in conjunction with the accompanying notes.

**Condensed Consolidated Statement of Changes in Equity
for the Half-Year Ended 31 December 2015**

	<i>Issued capital</i>	<i>Accumulated losses</i>	<i>Reserves</i>	<i>Total</i>
	\$	\$		\$
At 30 June 2014	17,901,261	(15,637,989)	-	2,263,272
Shares issued during the period	-	-	-	-
Revaluation	-	-	-	-
Net loss for period	-	(2,647,986)	-	(2,647,986)
At 31 December 2014	17,901,261	(18,285,975)	-	(384,714)
At 30 June 2015	17,901,261	(18,498,855)	-	(597,594)
Shares issued during the period	766,999	-	-	766,999
Net loss for period	-	(193,927)	-	(193,927)
At 31 December 2015	18,668,260	(18,692,781)	-	(24,521)

**Condensed Consolidated Statement of Cash Flows
for the Half-Year Ended 31 December 2015**

	<i>CONSOLIDATED Dec 2015</i>	<i>CONSOLIDATED Dec 2014</i>
	\$	\$
Cash flows from operating activities		
Receipts from customers	2,500	-
Payments to suppliers, employees and others	(210,500)	(172,774)
Interest received	169	-
Interest paid	(2,442)	(2,912)
Net cash flows from operating activities	(210,273)	(175,686)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	27,000
Net cash flows from investing activities	-	27,000
Cash flows from financing activities		
Net proceeds of capital issued	180,000	-
Net proceeds from / (repayment of) borrowings	-	153,000
Payment of hire purchase obligations	(6,014)	(21,141)
Net cash flows from financing activities	173,986	131,859
Net increase in cash and cash equivalents	(36,287)	(16,827)
Cash at beginning of financial period	175,341	16,202
Cash and cash equivalents at end of period	139,054	(625)

This Statements of Changes in Equity and Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2015

1 CORPORATE INFORMATION

The financial report includes the consolidated financial statements and notes of Australian Natural Proteins Limited and its controlled entities ('Consolidated Group' or 'Group'). The financial report was authorised for issue in accordance with a resolution of the directors on 26 February 2016.

Australian Natural Proteins Limited (the Company) is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares were publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the directors' report, neither of which are part of these financial statements.

The registered office of Australian Natural Proteins Limited is located at 21 Wells Road, Mordialloc, Victoria 3185.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The interim condensed consolidated financial statements for the half-year ended 31 December 2015 have been prepared in accordance with the requirements of Australian Accounting Standard AASB 134 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at 30 June 2015, and any public announcements made by Australian Natural Proteins Limited during the half-year in accordance with the continuous disclosure requirements of the ASX listing rules.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2015. In the half year the Company has reviewed all of the revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the Company and effective for annual reporting periods beginning on or after 1 July 2015. It has been determined that there is no impact on the Company, material or otherwise, of those pronouncements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(b) Going Concern

The condensed consolidated financial statements have been prepared on the basis of going concern which contemplates the continuity of current activities. During and since the end of the reporting period the Board of Directors has continued to focus on a significant program to restructure the Company. The objective is for the Group to raise sufficient capital to satisfy short term liquidity requirements, and to explore avenues to acquire and aggregate a portfolio of dairy farms.

The Group reported an operating loss of \$193,926 and cash outflows on operations of \$210,273 for the half-year ended 31 December 2016, and as at that date had net current liabilities of \$63,509. The Company may have access to further funds from the conversion of existing options up to their expiry date of 30 June 2017 (24,195,333, exercisable at \$0.007 per option).

The ability of the Group to continue normal business activities will be dependent on its ability to successfully raise further capital and Bond or alternative debt funding.

In consideration of the above matters, the Directors have determined that it is reasonably foreseeable that the Company and the Group will continue as going concerns and that it is appropriate that the going concern method of accounting be adopted in the preparation of the financial statements. In the event that the Company and the Group are unable to continue as going concerns (due to an inability to raise funding for future requirements), they may be required to realise their assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise as a result of cessation or curtailment of normal business operations.

The condensed consolidated financial statements do not include adjustments relating to the recoverability and classification of asset amounts or to the amounts and classification of liabilities that might be necessary if the Company and the Group were not to continue as going concerns.

3 OPERATING SEGMENTS

The Group is not currently operational, and nor was it for the comparative financial period. Accordingly, there are no allocations of the financial results, or assets, liabilities and cash flows to any operating segment.

4 EVENTS AFTER THE REPORTING DATE

Since the reporting date, the Company has continue to actively pursue its options and ambitions to incorporate a dairy portfolio expansion program into its agricultural intentions. No significant reportable events have occurred.

5 CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since the last annual reporting period.

DIRECTORS' DECLARATION

For the half-year ended 31 December 2015

In the opinion of the directors:

1. The financial statements and notes of Australian Natural Proteins Limited for the half-year ended 31 December 2015 are in accordance with the *Corporations Act 2001*, including:
 - a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
 - b. complying with Accounting Standards and the *Corporations Regulations 2001*; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors and signed in Melbourne on 26 February 2016.



Paul Duckett

Chairman

Dated: 26 February 2016

Independent Auditor's Review Report to the Members of Australian Natural Proteins Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying condensed half-year financial report of Australian Natural Proteins Limited (the consolidated entity) which comprises the condensed statement of financial position as at 31 December 2015 and the condensed statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australian Natural Proteins Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of Australian Natural Proteins Limited a written auditor's independence declaration, a copy of which is included in the directors' report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australian Natural Proteins Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter Regarding Uncertainty of Continuation as a Going Concern

Without modification to our conclusion, we draw attention to Note 2(b) in the financial report, which comments on the consolidated entity's continuation as a going concern, depending on its success in obtaining additional capital or other funds. These conditions, along with the other matters set forth in Note 2(b), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

A handwritten signature in black ink that reads 'PKF Melbourne Audit & Assurance'. The signature is written in a cursive, flowing style.

PKF Melbourne Audit & Assurance

A handwritten signature in black ink that appears to read 'S. Bradby'. The signature is written in a cursive, flowing style.

Steven Bradby

Partner

Melbourne, 26 February 2016