



INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2014

GULF INDUSTRIALS LIMITED
ABN 13 115 027 033
& CONTROLLED ENTITIES

DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated entity for the half-year ended 31 December 2014.

DIRECTORS

The names of the directors who held office during or since the end of the half-year:

	Date Appointed	Date Resigned
W Kernaghan	30 June 2005	-
A Karam	31 October 2014	-
J Arkoudis	31 October 2014	-
A Johnstone	5 March 2014	31 October 2014
N Reynolds	5 March 2014	31 October 2014

REVIEW & RESULTS OF OPERATIONS

Gulf Industrials is an African focused explorer and industrial mineral developer.

The principal activities of the consolidated group during the financial period were mining, mine development, mineral exploration and seeking mining opportunities.

The net loss for the half-year ended 31 December 2014, after providing for income tax amounted to \$69,125 (31 December 2013: loss of \$2,144,187).

EXPLORATION

The Company continued work on its limestone project in Madagascar during the reporting period.

The Company continued seek other mining opportunities in Africa in various commodities.

CORPORATE

On 31 October 2014 there was a board restructure with Messrs Karam and Arkoudis being appointed as directors of the Company. Also on that date Messrs Johnstone and Reynolds resigned as directors of the company.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporation's Act 2001 is set out on page 2 for the half year ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors:



Wayne Kernaghan
Director
Sydney,
13 March 2015



A D Danieli Audit Pty Ltd

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ASIC Registered Number 339233

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF GULF INDUSTRIALS LIMITED

I declare that, to the best of my knowledge and belief during the half-year ended 31 December, 2014 there have been:

- (a) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (b) No contraventions of any applicable code of professional conduct in relation to the review.

A D Danieli Audit Pty Ltd

Sam Danieli
Director

Sydney, 13 March 2015

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	NOTE	Consolidated Half year Ended 31 Dec 2014 \$	Consolidated Half year Ended 31 Dec 2013 \$
Revenue	2	1,033	60,975
Depreciation expense	2	-	(479,590)
Exploration expenditure written off	2	(19,949)	(182,151)
Employee benefits expense		-	(150,219)
Finance costs		-	(669,140)
Share based payments		-	(32,775)
Other expenses		(50,209)	(505,966)
Profit / (Loss) before income tax		(69,125)	(1,958,866)
Income tax expense		-	-
Net profit /(loss) for the period attributable to members of the parent entity		(69,125)	(1,958,866)
Other comprehensive income			
Exchange differences on translating foreign controlled entities		-	(185,321)
Other comprehensive income/(loss) for the period, net of tax		-	(185,321)
Total comprehensive income/(loss) for the period attributable to members of the parent entity		(69,125)	(2,144,187)
Basic profit/(loss) per share attributable to ordinary equity holders of the parent (cents per share)		(0.00)	(0.19)
Diluted profit/(loss)per share attributable to ordinary equity holders of the parent (cents per share)		(0.00)	(0.19)

(The accompanying notes form part of these financial statements)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Note	Consolidated as at 31 Dec 2014 \$	Consolidated as at 30 Jun 2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	54,608	136,080
Trade and other receivables	4	1,130	747
TOTAL CURRENT ASSETS		<u>55,738</u>	<u>136,827</u>
NON-CURRENT ASSETS			
Exploration expenditure	5	917,456	917,456
TOTAL NON-CURRENT ASSETS		<u>917,456</u>	<u>917,456</u>
TOTAL ASSETS		<u>973,194</u>	<u>1,054,283</u>
CURRENT LIABILITIES			
Trade and other payables	6	38,905	50,869
TOTAL CURRENT LIABILITIES		<u>38,905</u>	<u>50,869</u>
TOTAL LIABILITIES		<u>38,905</u>	<u>50,869</u>
NET ASSETS		<u>934,289</u>	<u>1,003,414</u>
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	7	32,045,129	32,045,129
Reserves	8	1,790,200	1,790,200
Accumulated losses		(32,901,040)	(32,831,915)
TOTAL EQUITY		<u>934,289</u>	<u>1,003,414</u>

(The accompanying notes form part of these financial statements)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2013	<u>30,605,337</u>	<u>6,938,330</u>	<u>(36,652,500)</u>	<u>891,167</u>
<i>Comprehensive income for the period</i>				
Loss for the period	-	-	(1,958,866)	(1,958,866)
Options expired		(3,175,782)	3,175,782	-
<i>Other comprehensive income</i>				
Net change in fair value of financial liability				
Exchange differences on translating foreign controlled entities	-	(185,321)	-	(185,321)
<i>Transaction with owners in their capacity as owners</i>				
Issue of share capital	1,268,792	-	-	1,268,792
Share issue expense	-	-	-	-
Balance at 31 December 2013	<u>31,874,129</u>	<u>3,577,227</u>	<u>(35,435,584)</u>	<u>15,772</u>
 Balance at 1 July 2014	 <u>32,045,129</u>	 <u>1,790,200</u>	 <u>(32,831,915)</u>	 <u>1,003,414</u>
<i>Comprehensive income for the period</i>				
Loss for the period	-	-	(69,125)	(69,125)
<i>Other comprehensive income</i>				
Exchange differences on translating foreign controlled entities	-	-	-	-
<i>Transaction with owners in their capacity as owners</i>				
Issue of share capital	-	-	-	-
Share issue expense	-	-	-	-
Balance at 31 December 2014	<u>32,045,129</u>	<u>1,790,200</u>	<u>(32,901,040)</u>	<u>934,289</u>

(The accompanying notes form part of these financial statements)

**CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Consolidated Half year Ended 31 Dec 2014 \$	Consolidated Half year Ended 31 Dec 2013 \$
<u>Cash flows from Operating Activities</u>		
Receipts from customers	-	25,218
Interest received	1,033	-
Payments to suppliers and employees	(82,505)	(1,106,069)
Net Cash used in Operating Activities	(81,472)	(1,080,851)
<u>Cash flows from Financing Activities</u>		
Proceeds from Borrowings (Net of borrowing costs)	-	790,345
Net Cash provided by Financing Activities	-	790,345
Net increase (decrease) in cash held	(81,472)	(310,506)
Cash and cash equivalents at beginning of the period	136,080	507,870
Cash and cash equivalents at end of the period	54,608	197,364

(The accompanying notes form part of these financial statements)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Basis of Preparation

The half-year consolidated financial statements of Gulf Industrials Ltd are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting and other Australian Accounting Standards which ensure compliance with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Gulf Industrials Limited and its controlled entities (the group).

It is recommended that this financial report be read in conjunction with the annual financial report of the group for the year ended 30 June 2014 and any public announcements made during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2014 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

New and Amending Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the half year report are consistent with those followed in the preparation of the consolidated entity's annual financial statements for the year ended 30 June 2014, except for the adoption of new standards and interpretations mandatory for annual periods beginning on or before 1 January 2014, noted below:

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]
- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

The adoption of these amendments did not have any impact on the financial position or the performance of the Group.

Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The Directors are aware that the Group's ability to continue as a going concern, and its ability to pay its debts as and when they fall due, is largely dependent on successfully managing its short to medium term liquidity position.

As per Note 11 subsequent to the reporting date on 12 March 2015 the Company announced to the ASX the completion of the first stage of a capital raising with the issue of 417,704,390 shares at \$0.004 raising \$1,670,817. The second stage will be completed following (and subject to) the receipt of shareholder approval which is expected to be in April 2015 which will raise approximately an additional \$1.8m.

2. Loss Before Income Tax has been Determined After:

Consolidated Half year Ended 31 Dec 2014 \$	Consolidated Half year Ended 31 Dec 2013 \$
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The following revenue and expense items are relevant in explaining the financial performance for the interim period:

(a) Revenue and other income

Sales to external customers	-	60,975
Interest from other persons	1,033	-
Foreign exchange gain	-	-
Other	-	-
	1,033	60,975

(b) Charging as expense:

Depreciation	-	479,590
Exploration expenditure written off	19,949	182,151

	Consolidated as at 31 Dec 2014 \$	Consolidated as at 30 Jun 2014 \$
3. Cash and Cash Equivalents		
Cash at bank and in hand	54,608	136,080
	54,608	136,080
Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the Statement of Financial Position as above.		
	Consolidated as at 31 Dec 2014 \$	Consolidated as at 30 Jun 2014 \$
4. Trade and Other Receivables		
Trade receivables	-	-
Other receivables	1,130	747
	1,130	747
	Consolidated as at 31 Dec 2014 \$	Consolidated as at 30 Jun 2014 \$
5. Exploration Expenditure		
Opening balance	917,456	1,187,455
Expenditure for the period	-	150,001
Reversal of amount payable on the first commercial shipment of limestone*	-	(420,000)
Closing balance	917,456	917,456
*Refer to Note 10 for further detail.		
	Consolidated as at 31 Dec 2014 \$	Consolidated as at 30 Jun 2014 \$
6. Trade and Other Payables		
Current		
Trade creditors	38,905	50,869
Accruals	-	-
	38,905	50,869

7. Issued Capital

	Consolidated as at 31 Dec 2014 \$		Consolidated as at 30 Jun 2014 \$	
Ordinary shares (issued and fully paid) 1,789,742,062 (30 June 2014: 1,789,742,062)				
			<u>32,045,129</u>	<u>32,045,129</u>
	31 Dec 2014 No. of Shares	31 Dec 2014 \$	30 Jun 2014 No. of Shares	30 Jun 2014 \$
Movements in issued shares for the half year:				
Beginning of the financial period	1,789,742,062	32,045,129	930,346,062	30,605,337
23/08/13 issued at 0.002 cents	-	-	108,058,500	216,117
27/09/13 issued at 0.002 cents	-	-	500,000,000	1,000,000
05/12/13 issued at 0.002 cents	-	-	26,337,500	52,675
13/05/14 issued at 0.0008 cents	-	-	225,000,000	180,000
Less share issue expenses	-	-	-	(9,000)
	<u>1,789,742,062</u>	<u>32,045,129</u>	<u>1,789,742,062</u>	<u>32,045,129</u>

8. Reserves

	Consolidated as at 31 Dec 2014 \$	Consolidated as at 30 Jun 2014 \$
Share Option Reserve	1,790,200	1,790,200
Foreign Currency Translation Reserve	-	-
	<u>1,790,200</u>	<u>1,790,200</u>
(i) Share Option Reserve		
This relates to the recognition on the issue of options.		
Beginning of the financial period	1,790,200	4,965,982
Options expired	-	(3,175,782)
Issue of options to shareholders	-	-
End of the financial period	<u>1,790,200</u>	<u>1,790,200</u>
(iii) Foreign Currency Translation Reserve		
This relates to translation of foreign subsidiaries accounts to Australian dollars.		
Beginning of the financial period	-	1,972,348
Disposal of controlled entities	-	(1,972,348)
Translation	-	-
End of the financial period	<u>-</u>	<u>-</u>

9. Operating Segments

The consolidated entity operates in two business segments being industrial minerals development and mineral exploration, in two geographical locations, being Australia and Africa.

The operating segment analysis presented in these financial statements reflects operations analysis by business. It best describes the way the Company is managed and provides a meaningful insight into the business activities of the Company.

(a) The following tables present details of revenue and operating profit by business segment. The information disclosed in the tables below is derived directly from the internal financial reporting system used by corporate management to monitor and evaluate the performance of our operating segments separately.

				<u>Total</u>
<u>2014</u>	Industrials	Mineral	Corporate	Consolidated
For the half year ended	Minerals	Exploration		Group
31 December 2014	Development			
	\$	\$	\$	\$
Revenue from external customers	-	-	-	-
Interest & other	-	-	1,033	1,033
Total segment revenue	-	-	1,033	1,033
Reportable segment profit/(loss) before income tax	-	-	(69,125)	(69,125)
Reportable Segment Assets as at 31 December 2014	-	917,456	55,738	973,194

<u>2013</u>	Industrials	Mineral	Corporate	Consolidated
For the half year ended	Minerals	Exploration		Group
31 December 2013	Development			
	\$	\$	\$	\$
Revenue from external customers	60,975	-	-	60,975
Interest & other	-	-	-	-
Total segment revenue	60,975	-	-	60,975
Reportable segment profit/(loss) before income tax	(1,578,666)	-	(380,200)	(1,958,866)
Reportable Segment Assets as at 31 December 2011	4,150,625	767,456	190,820	5,108,901

(b) Assets by geographical region

	31 DEC 2014	31 DEC 2013
Australia	55,738	190,820
Africa	917,456	4,918,081
Total Assets	973,194	5,108,901

(c) The company sold its finished goods to one customer during the period under review.

10. Contingent Liabilities

There is \$420,000 is outstanding in respect of the purchase of the company that holds the limestone deposit in Madagascar. This amount is payable when the first commercial shipment of limestone from the project has occurred.

There are no other known contingent liabilities.

11. Events Subsequent to Reporting Date

There are no other known events subsequent to balance date that would have a material effect on these financial statements other than as announced to the ASX on 12 March 2015 the completion of the first stage of a capital raising with the issue of 417,704,390 shares at \$0.004 raising \$1,670,817. The second stage will be completed following (and subject to) the receipt of shareholder approval which is expected to be in April 2015 which will raise approximately an additional \$1.8m.

12. Fair Value Measurement

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follow, and based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly observable).

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The following table represents a comparison between the carrying amounts and fair values of assets and liabilities:

	Level	As at 31 December 2014		As at 30 June 2014	
		Carrying amount	Fair value	Carrying amount	Fair value
		\$	\$	\$	\$
Assets					
Cash & cash equivalents	1	54,608	54,608	136,080	136,080
Trade & other receivables	1	1,130	1,130	747	747
Exploration Expenditure	1	917,456	917,416	917,416	917,416
Liabilities					
Trade & other payables	1	38,905	38,905	50,869	50,869

The assets and liabilities of the Company are recognised in the consolidated statements of financial position in accordance with the accounting policies set out in Note 1 of the Annual Report.

The Company considers that the carrying amount of assets and liabilities recognised in the consolidated financial statements approximate to their fair value

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes as set out on pages 3 to 12 are in accordance with The Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and other Australian Accounting Standards, which as stated in accounting policy Note 1 to the financial statements constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - (b) giving a true and fair view of the economic entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
2. Subject to the achievement of the matters outlined in Note 1, In the directors' opinion 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.



Wayne Kernaghan
Director
Sydney
13 March 2015



A D Danieli Audit Pty Ltd

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GULF INDUSTRIALS LIMITED ABN 13 115 027 033 AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year consolidated financial report of Gulf Industrials Limited and controlled entities (the consolidated entity) which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The Directors of Gulf Industrials Limited (the company) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review engagements ASRE 2410: Review of an Interim Financial Report Performed by the Independent Auditor of the Entity in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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 Gulf Industrials Limited and controlled entities, 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 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.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the consolidated entity for the half-year ended 31 December 2014 included on the website of Gulf Industrials Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporations Act, provided to the directors of Gulf Industrials Limited and controlled entities on 13 March 2015, would be in the same terms if provided to the directors as at the date of this auditor's review report.

Conclusions

Based on our review, which is not an audit, we have not become aware of any matter other than as noted above that makes us believe that the half-year financial report of Gulf Industrials Limited and controlled entities 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 2014 and of its performance for the half-year ended on that date; and
- complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

A D Danieli Audit Pty Ltd



Sam Danieli
Director

Sydney, 13 March 2015