

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES

ABN 74 142 976 065

HALF-YEAR REPORT ENDED 30 JUNE 2014

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Australia New Agribusiness & Chemical Group Ltd – Half Year Report

CORPORATE DIRECTORY

Australia New Agribusiness & Chemical Group Ltd ACN 142 976 065

Directors

Mr Jun Xiao (Chairman)
Mr Yinan Zhang (Managing Director & Executive Director)
Mr Yiming Cui (Non-Executive Director)
Mr Kai Cheng (Non-Executive Director)
Mr James Naiming Li (Non-Executive Director)

Company Secretary

Ms Yi Yang

Registered Office

Suite G1, 12 Electronics Street, BTP
Eight Mile Plains, Brisbane QLD 4113

Mailing Address

PO Box 4745
Eight Mile Plains, Brisbane QLD 4113

Principal Place of Business in Australia

Suite G1, 12 Electronics Street, BTP
Eight Mile Plains, Brisbane QLD 4113

Bankers

ANZ Bank
Level 1, 324 Queen Street, Brisbane, QLD 4000

Commonwealth Bank
Sunnybank Plaza
358 Mains Road Sunnybank QLD 4109

Bank of China Limited, Brisbane Branch
Level 7, 307 Queen St, Brisbane, QLD 4000

China Construction Bank Corporation Limited
Level 33, 126 Phillip Street, Sydney, NSW 2000

Share Registrar

Computershare Investor Services Pty Limited
117 Victoria St, West End
Brisbane QLD 4101

Auditors

BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane QLD 4000

Internet Address

www.newagri.com.au (English Website)

Australia New Agribusiness & Chemical Group Ltd

– Half Year Report

Appendix 4D

Half Year Report Given to the ASX under Listing Rule 4.2A

Name of entity

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD

ABN

ABN 74 142 976 065

Reporting period

Half Year ended 30 June 2014

Previous corresponding period

Half Year ended 30 June 2013

1. Results for Announcement to the Market

Revenue from continuing operations	Up 739% to	\$1,415,157
Loss from ordinary operations after income tax attributable to members	Up 726% to	\$11,875,606
Net loss for the period attributable to members	Up 1560% to	\$11,875,606
Net tangible asset value per share	As at 30 June 2014	\$0.10
	As at 31 December 2013	\$0.16

2. Review of Operations

A review of operations is included in the Directors' Report.

3. Details of Controlled Entities

No gain or loss of control of other entities occurred in the period.

4. Details of Associates and Joint Venture Entities

No gain or loss of control of other entities occurred in the period.

5. Dividends

No dividend was paid or proposed for the half year ended 30 June 2014.

6. Audit Disputes or Qualifications

There are no audit disputes or qualifications.

7. Accounting Standards

Australian Accounting Standards have been used in complying the information contained in Appendix 4D.

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES

ABN 74 142 976 065

**Consolidated Financial Statements
For the Half Year Ended 30 June 2014**

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Directors' Report

30 June 2014

1. General Information

At the Annual General Meeting held on 6 June 2014, Mr Jun Xiao and Mr Yiming Cui were re-elected to the positions of Chairman and Director of the company respectively, by rotation.

The Directors in office at any time during, or since the end of the period are:

Mr Jun Xiao

Mr Yinan Zhang

Ms Julia Yan Zhu (resigned on 30 June 2014)

Mr Yiming Cui

Mr James Naiming Li

Mr Kai Cheng (appointed on 1 July 2014)

2. Business Review

Following successful trial productions in 2013, Apollo Fertiliser Queensland Pty Ltd ("Apollo Fertiliser", a subsidiary of Australia New Agribusiness & Chemical Group Ltd, "New Agri Group") has begun production on its line of compound fertiliser, with an expected production rate of 200,000 tonnes per year. Apollo Fertiliser's sales and marketing team has been establishing the Apollo brand name in the region, and has received orders for its product from local businesses.

Apollo Fertiliser plans to further fine-tune its production and sales processes in order to streamline and achieve better results, with a view to roll out sales and marketing to other regions, including further north in Queensland, and into New South Wales. The company's continual expansion in resources, including infrastructure, logistics and personnel, is expected to facilitate this.

The Group incorporated Australia Mercury Glass Pty Ltd at the end of 2013, a glass manufacturing company located in Acacia Ridge. Mercury Glass started its operations on 2 January 2014. Mercury Glass specialises in glass processing and wholesale of goods, is a company with a stable customer base, and New Agri Group is already seeing returns on this investment. Headed by an experienced managerial team and skilled staff, including 11 production workers. Mercury Glass offers products and services such as clear and tinted floating or toughening, clear and tinted lamination, mirrors, and low-e glass.

On 16 January 2014, New Agri Group completed the sales and purchase agreement with Krucible Minerals Ltd (ASX: KRB) for all of Krucible's phosphate-bearing and potentially phosphate-bearing tenements. The total tenements consist of the Korella trial mining lease, six exploration leases and five exploration applications. The Group is currently conducting pre-feasibility studies and exploring mining and exploration options. Production is expected to begin in the next year. The Group will utilise this production in Apollo Fertiliser's operations, with the sale of the balance to the market.

Directors' Report (Continued)
30 June 2014

Review of Financials

The Group incurred a loss of \$11,875,606 in the first six months of 2014, compared to a loss of \$715,408 in the same period of 2013. This was mainly due to the provision raised for \$7,452,000 receivable owed from the disposal of the Group's 49% interest in U&D Mining Industry (Australia) Pty Ltd (U&D), as well as the loss on disposal of two properties amounting to \$2,354,898.

Outlook and prospects for second six months of 2014

The major goal of New Agri Group in the next half year is to focus on its Apollo Fertiliser operations, through its production and expansion of sales. Apollo will continue its sale of prilled urea, in addition to its own line of specialty compound fertilisers that meet Australian industry standards, including the Fertiliser Industry Federation of Australia (FIFA) Code of Practice for Fertiliser Standards.

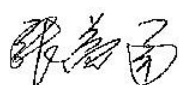
The sales and marketing team at Apollo Fertiliser is also looking at its branding strategies. Current marketing has proved effective so far in creating interest in the product. Apollo Fertiliser hopes that with stronger brand recognition in the region, it will foster a more significant presence for the product.

Given the high annual demand of fertiliser in Australia, it is expected Apollo Fertiliser is well placed to provide a high-quality, locally-produced product to the market.

3. Auditor's Independence Declaration

A copy of the independence declaration by the lead auditor under section 307C is included on Page 9 to these half year financial statements.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Yinan Zhang
Managing Director

Brisbane, Australia
Date: 29th August 2014

DECLARATION OF INDEPENDENCE BY ANTHONY WHYTE TO THE DIRECTORS OF AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD

As lead auditor for the review of Australia New Agribusiness & Chemical Group Ltd for the half-year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australia New Agribusiness & Chemical Group Ltd and the entities it controlled during the period.

A J Whyte

Director



BDO Audit Pty Ltd

Brisbane, 29 August 2014

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Half-Year Ended 30 June 2014

	Note	CONSOLIDATED	
		Half-Year ended 30 June 2014 \$	Half-Year ended 30 June 2013 \$
Revenue from continuing operations		1,415,157	168,651
Cost of sales		(931,547)	-
Gross profit		483,610	168,651
Other income		66,343	25,667
Distribution expenses		(147,280)	-
Marketing expenses		(62,348)	-
Administration expenses		(1,784,339)	(868,190)
Occupancy expenses		(535,046)	(24,705)
Finance costs		(145,997)	(50,120)
Other expenses	4	(9,808,841)	-
Share of loss of associates accounted for using the equity method		-	(1,062,911)
Loss before income tax expense		(11,933,898)	(1,811,608)
Income tax benefit	5	58,292	374,306
Loss from continuing operations		(11,875,606)	(1,437,302)
Profit from discontinued operations	5	-	721,894
Net (loss)/profit for the period		(11,875,606)	(715,408)
Total comprehensive (loss)/income for the period		(11,875,606)	(715,408)
(Loss)/profit is attributable to			
Owners of Australia New Agribusiness & Chemical Group Ltd		(11,875,606)	(715,408)
		(11,875,606)	(715,408)
Total comprehensive(loss)/income for the year is attributable to			
Owners of Australia New Agribusiness & Chemical Group Ltd		(11,875,606)	(715,408)
		(11,875,606)	(715,408)
Earnings per share			Cents
Overall operations			
Basic earnings per share		(5.63)	(0.34)
Diluted earnings per share		(5.63)	(0.34)
Continuing operations			
Basic earnings per share		(5.63)	(0.68)
Diluted earnings per share		(5.63)	(0.68)
Discontinued operations			
Basic earnings per share		-	0.34
Diluted earnings per share		-	0.34

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

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2014

Consolidated Statement of Financial Position
As at 30 June 2014

CONSOLIDATED			
	Note	30 June 2014	31 December 2013
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		6,425,391	10,859,364
Short-term deposits with maturity over three months		421,448	413,642
Trade and other receivables	6	2,327,532	8,487,140
Inventories		3,351,642	2,613,924
Other assets		207,313	751,214
Total current assets		12,733,326	23,125,284
Non-current assets			
Property, plant and equipment	7	6,562,072	15,121,749
Guarantee deposits		1,384,490	1,372,901
Other assets		34,891	4,924,021
Exploration and evaluation assets	8	13,569,122	-
Total non-current assets		21,550,575	21,418,671
Total assets		34,283,901	44,543,955
LIABILITIES			
Current liabilities			
Trade and other payables		3,964,142	2,051,888
Borrowings		5,700,000	5,700,000
Current tax liabilities		2,115,840	3,929,201
Other liabilities		-	15,255
Total current liabilities		11,779,982	11,696,344
Non-current liabilities			
Income tax liabilities		1,531,914	-
Total non-current liabilities		1,531,914	-
Total liabilities		13,311,896	11,696,344
Net assets		20,972,005	32,847,611
EQUITY			
Contributed equity		36,615,244	36,615,244
Accumulated losses		(15,643,239)	(3,767,633)
Total equity		20,972,005	32,847,611

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2014

Consolidated Statement of Changes in Equity
For The Half-Year Ended 30 June 2014

	Contributed Equity	Accumulated losses	Total equity
	\$	\$	\$
CONSOLIDATED			
At 1 January 2013	36,615,244	(4,832,119)	31,783,125
Total comprehensive income for the half-year			
Profit for the period	-	(715,408)	(715,408)
<i>Other comprehensive income</i>	-	-	-
Total comprehensive income for the half-year	-	(715,408)	(715,408)
Transactions with owners in their capacity as owners	-	-	-
At 30 June 2013	36,615,244	(5,547,527)	31,067,717
At 1 January 2014	36,615,244	(3,767,633)	32,847,611
Total comprehensive income for the half-year			
Loss for the period	-	(11,875,606)	(11,875,606)
<i>Other comprehensive income</i>	-	-	-
Total comprehensive income for the half-year	-	(11,875,606)	(11,875,606)
Transactions with owners in their capacity as owners	-	-	-
At 30 June 2014	36,615,244	(15,643,239)	20,972,005

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2014

Consolidated Statement of Cash Flows
For The Half-Year Ended 30 June 2014

Note	CONSOLIDATED	
	Half-Year ended 30 June 2014 \$	Half-Year ended 30 June 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	992,146	115,940
Payments to suppliers and employees	(3,145,361)	(711,194)
Interest received	68,158	118,505
Interest paid	-	(41,600)
Income tax paid	(223,156)	(663,692)
R&D tax incentive received	48,903	-
NET CASH USED IN OPERATING ACTIVITIES	(2,259,310)	(1,182,041)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in term deposits over 3 months	(19,395)	(206,052)
Payments for investment in associate	-	(10,952,941)
Purchase of property, plant & equipment	(492,045)	(1,450,964)
Proceeds from sale of property, plant and equipment	6,200,000	-
Payments for exploration and evaluation assets	(8,955,101)	-
Payments for a deposit on exploration and evaluation assets	-	(973,975)
Loans repaid by other entities	1,000,000	-
Loans to related parties	-	(19,200)
NET CASH USED IN INVESTING ACTIVITIES	(2,266,541)	(13,603,132)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	1,505,508
Loans from other related parties	250,000	-
Loans to other related parties	-	(2,124)
Repayment of third party loans	(158,122)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	91,878	1,503,384
NET DECREASE IN CASH HELD	(4,433,973)	(13,281,789)
Cash and cash equivalents at beginning of the period	10,859,364	14,849,606
CASH AT END OF PERIOD	6,425,391	1,567,817

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

Notes to the Consolidated Financial Statements For The Half-Year Ended 30 June 2014

Note 1: Basis of Preparation of Half-Year Financial Statements

These general purpose financial statements for the half-year reporting period ended 30 June 2014 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and *Corporations Act 2001*.

The historical cost basis has been used.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 31 December 2013 and any public announcements made by Australia New Agribusiness & Chemical Group Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements.

New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2014 affected any of the amounts recognised in the current period or any prior period.

a) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area of where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

b) Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. At 30 June 2014 the Group's current assets exceeds its current liabilities by \$953,344.

In the first half year of 2014 the Apollo Fertiliser Plant was in the trial production and did not generate enough revenue to support its normal operation.

In forming the view that the Group is a going concern the directors had assumed that:

- The Apollo Fertiliser Plant will generate revenue to support its normal operation; and
- The Group will be able to raise capital when required.

Should the above assumptions not eventuate, there exists a material uncertainty regarding the Company's and Group's ability to continue as a going concern and realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial statements.

c) Fair Values

The fair values of Group's financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form.

Notes to the Consolidated Financial Statements (Continued)

For The Half-Year Ended 30 June 2014

Note 2: Segment Information

(a) Description of segment

The Group segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (the board of directors that make strategic decisions). Operating segments have been determined on the basis of reports reviewed by the board of directors that make strategic decisions. The board of directors monitor the segment performance based on the net profit after tax of the period.

For the period ended 30 June 2013 the board considered that the Group had only one reportable segment, being manufacturing and sale of compound fertiliser and its by-products to domestic market in Australia. The financial results from this segment are equivalent to the financial statements of the Group for the period ended 30 June 2013.

For the period ended 30 June 2014 management currently identifies that the Group has the following reportable segments:

Compound Fertiliser Apollo: Manufacturing and sale of compound fertiliser and its by-products to domestic market in Australia

Glass processing: Conducting glass processing and wholesale bulk sales to domestic market in Australia

Phosphate Tenements: Exploration and evaluation of phosphate tenements

Segment information provided to the board of directors for the period ended 30 June 2014 is as follows:

30 June 2014	Glass Processing	Compound Fertilizer Apollo	Phosphate Tenements	Total
	\$	\$	\$	\$
Sales revenue	1,248,562	13,451	-	1,262,013
Total segment revenue from external customers	1,248,562	13,451	-	1,262,013
Unallocated revenues				153,144
Total revenue				1,415,157
Net profit/(loss) after tax	(72,506)	(3,505,602)	-	(3,578,108)
Provision for impairment of receivable				(7,452,000)
Other				(845,498)
				(11,875,606)
Total segment assets	2,421,313	11,125,938	13,569,122	27,116,373
Cash, cash equivalents				6,883,504
Other Assets				284,024
				34,283,901
Total segment liabilities	1,574,793	702,566	-	2,277,359
Borrowings				5,700,000
Tax liabilities				3,647,754
Other liabilities				1,686,783
				13,311,896

Notes to the Consolidated Financial Statements (Continued)

For The Half-Year Ended 30 June 2014

Note 3: Dividends

No dividend was paid or proposed for the half year ended 30 June 2014 (2013: Nil).

Note 4: Other expenses

	Consolidated	
	Half-Year ended 30 June 2014	Half-Year ended 30 June 2013
	\$	\$
Net loss on disposal of property, plant and equipment	2,354,898	-
Bad and doubtful debts - current receivables	7,452,000	-
Others	1,943	-
	9,808,841	-

Note 5: Income Tax Expense

	Consolidated	
	Half-Year ended 30 June 2014	Half-Year ended 30 June 2013
	\$	\$
Major components of income tax expense are:		
Current tax expense		
Current tax expense	-	-
Adjustments for previous years	(58,292)	(1,096,200)
	(58,292)	(1,096,200)
Deferred tax expense		
Origination and reversal of temporary differences	-	-
	-	-
	(58,292)	(1,096,200)
Total income tax (benefit)/expense in profit or loss		
	(58,292)	(1,096,200)
Income tax (benefit)/expense applicable to:		
-Continuing operations	(58,292)	(374,306)
-Discontinued operations	-	(721,894)
	(58,292)	(1,096,200)

In 2013, the Group notified the Tax Office that it had formed an income tax consolidated group to apply from 1 January 2012. The income tax benefit recognised for the half year ended 30 June 2013 results from an over accrual of tax in the prior period.

Notes to the Consolidated Financial Statements (Continued)

For The Half-Year Ended 30 June 2014

Note 6: Trade and other receivables

	30 June 2014	Consolidated 31 December 2013
	\$	\$
Trade receivables	490,191	-
Loan to third party	-	1,000,000
Other receivables (a)	9,289,341	7,487,140
Allowance for doubtful debts	(7,452,000)	-
	1,837,341	7,487,140
	2,327,532	8,487,140

(a) Other receivables

Included in other receivables is \$7,452,000 (2013: \$7,452,000) being the outstanding consideration on the disposal of U&D Mining Industry (Australia) Pty Ltd. This amount is outside the agreed repayment terms. Due to uncertainty regarding whether this amount will be recovered this total receivable of \$7,452,000 has been provided for as at 30 June 2014. The Group continues to actively pursue the receipt of this amount.

Other receivable also includes an outstanding consideration of \$1,800,000 arising from the disposal of land and buildings. Subsequent to year end an amount of \$700,000 was received in relation to this receivable. The balance remains outstanding as at the date of this report.

Notes to the Consolidated Financial Statements (Continued)

For The Half-Year Ended 30 June 2014

Note 7: Property, plant and equipment

	Consolidated	
	30 June 2014	31 December
	\$	2013
		\$
Land		
At cost	-	5,121,293
Leasehold improvements		
At cost	135,000	-
Accumulated depreciation	(4,414)	-
	130,586	-
Machinery and vehicles		
At cost	6,535,152	320,626
Accumulated depreciation	(216,805)	(25,327)
	6,318,347	295,299
Furniture, fittings and equipment		
At cost	129,364	82,364
Accumulated depreciation	(16,225)	(6,211)
	113,139	76,153
Capital works in progress at cost	-	9,629,004
Total property, plant and equipment		
At cost	6,799,516	15,153,287
Accumulated depreciation	(237,444)	(31,538)
	6,562,072	15,121,749

Notes to the Consolidated Financial Statements (Continued)
For The Half-Year Ended 30 June 2014

Note 7: Property, plant and equipment (continued)

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period is as follows:

Consolidated	Land	Buildings	Leasehold improvements	Machinery and vehicles	Furniture, fittings and equipment	Capital works in progress	Total
	\$	\$	\$	\$	\$	\$	\$
Carrying amount at 1 January 2013	5,121,293	-	-	98,039	16,494	7,740,089	12,975,915
Additions	-	-	-	235,627	65,203	1,888,915	2,189,745
Depreciation expense	-	-	-	(23,068)	(5,544)	-	(28,612)
Disposals	-	-	-	(15,299)	-	-	(15,299)
Carrying amount at 31 December 2013	5,121,293	-	-	295,299	76,153	9,629,004	15,121,749
Transfers in/(out)	-	5,302,966	-	4,717,776	-	(10,020,742)	-
Additions	-	-	135,000	1,496,749	47,000	391,738	2,070,487
Depreciation expense	-	(69,361)	(4,414)	(191,477)	(10,014)	-	(275,266)
Disposals	(5,121,293)	(5,233,605)	-	-	-	-	(10,354,898)
Carrying amount at 30 June 2014	-	-	130,586	6,318,347	113,139	-	6,562,072

The Group entered into sale and leaseback arrangements to sell its land and buildings and leased them back for its own use from 27 June 2014. The sales and leaseback transactions resulted in operating leases.

Note 8: Exploration and evaluation assets

	30 June 2014	31 December 2013
	\$	\$
Exploration expenditure capitalised		
Balance at the beginning of the year	-	-
Exploration expenditure during the year	13,569,122	-
	13,569,122	-

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of areas of interest, and the sale of minerals or the sale of the respective areas of interest.

Note 9: Equity securities issued

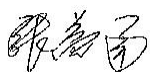
During the half-year ended 30 June 2014, there were no shares issued.

Declaration by Directors

The directors of the company declare that:

- (a) The financial statements and notes set out on pages 10 to 19 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date.
- (b) 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 and is signed for and on behalf of the directors by:



Yinan Zhang
Managing Director

Brisbane, Australia

Date: 29th August 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australia New Agribusiness & Chemical Group Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australia New Agribusiness & Chemical Group Ltd, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of 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's 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 control as the directors determine is 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 half-year 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 30 June 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 Australia New Agribusiness & Chemical Group Ltd, 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australia New Agribusiness & Chemical Group Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australia New Agribusiness & Chemical Group Ltd 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 30 June 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding and the ability to meet its forecast revenue targets. These conditions, along with other matters as set out in Note 1, 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, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit Pty Ltd

BDO



A J Whyte

Director

Brisbane, 29 August 2014