AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES

ABN 74 142 976 065

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NEW AGRIBUSINESS
& CHEMICAL

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Directors' Report

The directors of Australia New Agribusiness & Chemical Group Ltd ("New Agri Group" or "Company") present their report on the consolidated entity (Group), consisting of Australia New Agribusiness & Chemical Group Ltd and the entities it controlled at the end of, and during, the financial year ended 31 December 2014.

Directors

The following persons were directors of Australia New Agribusiness & Chemical Group Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Names

Mr. Jun Xiao (Non-executive chairman)	
Mr. Yinan Zhang (Managing director)	
Ms. Yan Zhu (Non-executive director)	Resigned on 30/06/2014
Mr. Yiming Cui (Non-executive director)	
Mr. James Naiming Li (Non-executive director)	
Mr. Kai Cheng (Non-executive director)	Appointed on 01/07/2014

Principal Activities

The principal activities of the Group are the manufacture and sale of compound fertiliser specially designed for wheat/sorghum, cotton, horticulture, sugar cane, banana and pasture.

The Group has invested to set up a company known as Apollo Fertiliser Queensland Pty Ltd with a production capacity of 200,000 tonnes of compound fertiliser per annum. The fertiliser factory in Australia has commenced trial production in February 2014.

Australia Venus Resource aims to produce rock phosphate. The phosphate mine's test pit will start in June 2015 following up with an expansion to full production of 600,000 tonnes per annum. Venus also has 11 exploration tenements in Queensland.

Another wholly owned subsidiary, Australia Mercury Glass Pty Ltd with specialization in glass processing started operation since January 2014.

Financial Performance

The Company incurred a loss of $14,963,252 in 2014 from its continuing operations, compared to a gain of $342,592 from its continuing operations in 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.

Dividends

No final dividend was proposed for the current financial year (2013: Nil).

Directors' Report (continued)

Subsequent Events

Agreement between Golden Globe/ Kunlun and ANB

Included in other receivables is $7,452,000 representing the outstanding consideration on the disposal of U&D Mining Industry (Australia) Pty Ltd ('U&D'). $3,800,000 is owed from China Kunlun International Holding Limited ("Kunlun") and $3,652,000 is owed from Golden Globe Energy Limited ("Golden Globe").

Under the terms of a Deed of Amendment signed on 6 December 2013 these amounts were due within 30 days of U&D's successful listing on the ASX, unless extended to a later date as agreed between the parties in writing. U&D listed on 19 February 2014, however U&D has been suspended one month after its listing. Kunlun and Golden Globe believe their investment interests have been affected by this fact. Therefore, the Company has entered a Deed of Amendment signed on 12 January 2015 with the following conditions:

- Kunlun and Golden Globe, as legal owners of the Shares in U&D, provides security to the Company over 40,000,000 Shares in U&D transferred to secure the balance payment by them;
- Both parties agree that the shares shall be transferred to the Company if the U&D does not satisfy ASX Decision to be re-listed on ASX by 30 June 2015;
- Those two parties have the right to choose to pay the balance payment amounts to the Company or choose to transfer the Shares to the Company once U&D is successfully re-listed on ASX by 30 June 2015.

Agreement between U&D and ANB

The Company and U&D Mining Industry (Australia) Pty Ltd entered into a Repayment Plan Agreement on 10 January 2014 under which the Company agreed to repay a loan of $5,000,000 to U&D by 31 December 2014. On 27 February 2015 the two parties entered into a Deed of Waiver and Restatement of Loan Terms. The new terms of the loan agreement are as below:

- The company must pay U&D:
  - $2,500,000 (as payment on account of Principal) plus $121,917 (as payment on account of Interest) on or before 31 March 2015; and
  - the remaining amount owing to U&D on or before 20 June 2015.

- The loan is secured over all proceeds of book debts, invoices, ledgers, records and any other items which relate to the sale of inventory received or transacted by Apollo Fertiliser Queensland Pty Ltd from 27 February 2015.

Directors' Report (continued)

Subsequent Events (continued)

Exclusive Sale Agreement between Venus and Uniphos

In February 2015, the Company via its subsidiary company, Australia Venus Resource Pty Ltd ("Venus"), entered into an Exclusive Sale Agreement with Uniphos Co. Limited ("Uniphos") for Venus to supply its phosphate rock to Uniphos.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, or the results of those operations.

Significant Changes in State of Affairs

Significant changes in the state of affairs of the group during the financial year were as follows:

In June 2014, the Company entered into sale agreements with a third party to dispose two properties for a consideration of $8 million. The Company also entered into two Lease Agreements for both properties for the continuous operation.

In December 2014, a third party invested in Australia Venus Phosphate Fertiliser Pty Ltd ("Venus") $2 million to share 8.16% of the shareholding of Venus, and becomes a non-controlling interest holder of Venus.

There have been no other significant changes in the Group's state of affairs during the financial year.

Environmental Regulation

The Directors are satisfied that adequate systems are in place for the management of its environmental responsibilities and compliance with its license requirements and regulations. The Directors are not aware of any breaches of these requirements and to the best of their knowledge, all activities have been undertaken in compliance with environmental regulations.

Directors' Report (continued)

Review of Operations

In 2014, Australia New Agribusiness and Chemical Group has met many of its operational objectives for its subsidiaries. The Apollo Fertiliser plant has completed equipment installation and trial production, with the product formula up to code and receiving positive feedback from the market.

Mercury Glass has achieved an annual sales income of $3 million, in addition to having produced Low-E glass, a high quality glass product meeting the approval of the market, and the company's sales figures are expected to increase.

Venus Phosphate has completed the purchase of the Korella Phosphate mine, and has brought in investors for the development of this project. Pre-production work has been completed on schedule, and it is planned that the production in 2015 will meet target estimates.

The risk and issues the company faced in 2014 were mostly in capital – with large investment amounts injected into Apollo Fertiliser, and product output not expected until 2015, the company has not yet matured in its sales model, which has resulted in a loss for 2014. With several projects in the works, the company's cash flow is currently quite tight, and it is planned that in 2015, outside financing will be introduced to relieve some of the pressure.

Outlook and Prospects for 2015 – Likely Developments and Expected Results

The current outlook for 2015 is for all subsidiaries to meet production objectives. Apollo Fertiliser has officially begun sales to the public in January of 2015, with $3 million being its sales target for the year. At the same time, the company aims to establish a wide distribution network and a large client base, and hopes to achieve further market approval and market stability.

Venus Phosphate has plans for commissioning the project fully in 2015, the objective being an annual production of 600,000 tonnes of high grade phosphate rock. The introduction of outside financing and all associated working agreements is expected to be finalised during the first half year of 2015. Extraction and sales are planned to begin in June.

Mercury Glass aims to increase its production line in 2015, with more products offered, to reduce the cost of production, as well as to increase sales levels. 2015's sales target for Mercury Glass is $4 million.

Directors' Report (continued)

Director Information

Mr. Jun Xiao **Chairman (Non-Executive)**

Experience

- Mr Xiao graduated with the Bachelor of Management of Information System from Beijing Information Technology and Engineering Institute in 1992.
- He started his IT career with the Computer and Micro-Electronic Development Research Centre in the Chinese Institute of Electronics from 1992 until 1997. From 1997, he has served in several senior executive roles in the field of investment and finance with a focus on the digital technology industry in Hong Kong. Mr Xiao founded Flash Lighting Company Limited in 2006, a company incorporated in the British Virgin Islands and its investment focuses on mineral resources, equity, and venture capital. In 2009, Mr Xiao was conferred the title as the honorary professor of Graduate School of Chinese Academy of Social Science (CASS), the premier academic research organisation in the fields of philosophy and social science.
- He is the founder of Chinesischr Technology Exchange Foundation, a Non-government Organisation for affiliating and facilitating the high tech interchange between China and Europe.

Interest in Shares

49,019,354 Ordinary Shares

Directorships held in other listed entities

Mr. Xiao is not currently a Director of any other listed company.

Mr. Yinan Zhang **Managing Director (Executive)**

Experience

- Mr. Zhang invested in Henan Datong in 2007 and he has more than ten years of experience in the chemical fertiliser industry. He previously held the role of an Executive Director of Henan Datong. His contributions have built a strong corporate image and are highly reputable in the Chinese fertiliser industry.
- He is experienced in business, foreign investment, banking, finance and securities. He has founded a number of industrial companies in the PRC and Australia.
- Mr. Zhang has lived in Australia for near to ten years, during which time he gained insight into corporate operations in Australia and familiarity with the Australian business environment.

Interest in Shares

54,000,003 Ordinary Shares

Special Responsibilities

Mr. Zhang is also a member of the Audit Committee and Remuneration and Nomination Committee.

Directorships held in other listed entities

Mr. Zhang is not currently a Director of any other listed company. Mr. Zhang was a Director of U&D Coal Ltd (ASX Code: UND, listed on 17 February 2014) from its listing until 31 July 2014.

Directors’ Report (continued)

Director Information (continued)

Mr. Yiming Cui **(Non-Executive)**

Experience

- Mr. Cui has variety of work experience ranging from publishing to finance. He was previously working for Le Figaro Magazine, a well-known French publishing company. Mr. Cui also worked within the corporate finance team of KPMG in China. He has significant experience in financial management and financial advisory.

Interest in Shares

Nil

Special Responsibilities

Mr. Cui is a member of the Audit Committee.

Directorships held in other listed entities

Mr. Cui is not currently a Director of any other listed company.

Mr James Naiming Li **Non-Executive Director**

Qualifications

- Mr Li graduated with a Post Graduate Diploma of Applied Science from Swinburne University of Technology and a Bachelor of Science from Fudan University in China.

Experience

- Mr Li has worked in the Australian stockbroking industry for more than 16 years. Mr Li has been involved and actively worked with China companies seeking investments in the mineral and resources sector. He is currently a non-executive director of Rockland Richfiled Limited and Ishine International Resources Limited. He is also a licensed stockbroker with Patersons Securities Ltd based in Melbourne.

Interest in Shares

Nil

Special Responsibilities

Mr. Li is a member of the Remuneration and Nomination Committee and the Chair Person of the Audit Committee.

Directorships held in other listed entities

Mr Li is non-Executive Director of Ishine International Resources Limited (ASX code: ISH)

Directors' Report (continued)

Director Information (continued)

Mr Kai Cheng **Non-Executive Director**

Qualifications

- Master of Applied Economics - Griffith University, Brisbane, Australia

Experience

- Mr Cheng has over 20 years' experience in providing finance solutions to residential properties and businesses, including all aspects of housing mortgages, commercial, construction projects, equipment, and cash flow finance.
- Mr. Cheng also has experience in international trading businesses, property developments and business investment consulting, coupled with economic qualifications to ensure that any theoretical considerations are backed with practical understanding of the issues. With real knowledge as to the appropriate implementation of international trading, and development business with specific attention to the actual outcomes within an entity.
- Mr Cheng is able to provide the business and strategic planning outcomes required by the dynamic enterprises of today's business world. With many years of success in consulting in the areas of international business and financial service provision to Government and major corporates, Kai is experienced in maximizing the strategic advantage that technology, coupled with sound internal financial control and management is able to achieve. Kai specializes in identifying alternative business plans and revenue streams to ensure that the most is made from every opportunity.

Interest in Shares

Nil

Special Responsibilities

Mr Cheng is the Chair Person of the Nomination and Remuneration Committee.

Directorships held in other listed entities

Mr Cheng is not currently a Director of any other listed company.

NEW AGRIBUSINESS & CHEMICAL

Directors' Report (continued)

Company Secretary Information

Ms Yi Yang **Company Secretary**

Qualifications

- Master of Business – The University of Queensland
- Master of Arts major in Chinese Translation and Interpreting – The University of Queensland

Experience

- Graduated from the University of Queensland with two masters degrees
- Ms Yang has variety of work experience ranging from Administration, Translation & Interpreting to Business Management
- She is a member of the Chartered Secretaries Australia.

Interest in Shares

164,000 Ordinary Shares

Special Responsibilities

Ms Yang has been appointed as Company Secretary of New Agri Group on 9 February 2011.

Meetings of Directors

During the financial year, twelve meetings of directors (excluding committees of directors) were held. Attendances by each director at directors' meeting, audit and risk committee and remuneration and nominating committee meetings during the year were as follows:

	Directors' Meetings		Committee Meetings: Audit Committee		Committee Meetings: Remuneration & Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Yinan Zhang	12	12	2	2	-	-
Mr Jun Xiao	12	12	-	-	-	-
Ms Julia Yan Zhu	6	6	-	-	-	-
Mr Yiming Cui	12	12	2	2	-	-
Mr James Naiming Li	12	12	2	2	-	-
Mr Kai Cheng	5	5	-	-	-	-

Share Options

No options over issued shares or interests in the Group or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Directors’ Report (continued)

Remuneration Report - Audited

1. Policy for determining the nature and amount of Key Management Personnel remuneration

This remuneration report is based on the principles in the Nomination and Remuneration Charter approved by the board and which has been adopted by the Nomination and Remuneration Committee.

New Agri Group’s remuneration components may include share options and bonus elements. In order to maintain the high performance of the board and executives, as well as attract and retain the best team to run and manage the Group, the remuneration and bonus of the directors and senior executives is linked to both the Group’s financial results and the performance of individual.

The remuneration for the executives is set according to the standard rate from industry sectors. All executives receive a market related base salary and other statutory benefits. The remuneration is based on factors such as length of service, experience and performance.

The Group’s profits and shareholders’ value depend on the performance of executives. The objective is to attract the highest performance of its executives and reward them for performance which results in long term growth in shareholder wealth.

The share option plan is set by the Nomination and Remuneration Committee. At the discretion of the Committee, shares are issued to executives to reflect their achievements. The exercise price in respect of an option is as determined by the committee. No share options were issued during the year.

The remuneration for directors is designed by the remuneration committee and the directors do not receive any other remuneration benefits. Remuneration package of key management personnel and executives will be reviewed annually.

The aim of the remuneration plan is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines the amount paid to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Fees for non-executive directors are not linked to the performance of the Group. However, to align director’s interests with shareholder interests, the directors and executives are encouraged to hold shares in the Group.

No remuneration consultants were used in the 2014 or 2013 financial years.

Directors' Report (continued)

Remuneration Report – Audited (continued)

1. Policy for determining the nature and amount of Key Management Personnel remuneration (continued)

Performance based remuneration

As part of each company executives remuneration package there will be a discretionary bonus element. The bonus given to executives is based on the performance of the Group and individual. The intention of this program is to align directors and executives interests with business and shareholders' interests.

In determining the amount of each executive director and executive's bonus, the remuneration committee bases the assessment on audited figures and independent reports where appropriate. No bonuses were awarded during the 2014 or 2013 year.

Company performance, shareholder wealth and directors and executives remuneration

The remuneration plan is designed to increase the common interests between shareholders and directors and executives. This will be achieved by awarding discretionary bonuses to encourage the alignment of personal and shareholder interests and increase shareholder wealth and the Group's consolidated statement of financial position.

The table below shows the gross revenue and profits for the last four years for the Group. There was no bonus paid to the key management personnel in 2014 or 2013. The bonus will be determined by the Nomination and Remuneration committee in future years when the new compound project starts to contribute positive cash flows and profits to the Group.

The company listed in January 2011 and hence the table below only shows the results for the previous 3 years.

From continuing and discontinued operations	2014	2013	2012	2011
Revenue	3,402,485	346,861	931,070	25,118,612
Gain on disposal of subsidiaries	-	-	13,156,828	-
Gain on disposal of associate	-	8,370,102	-	-
Net (loss)/profit	(14,963,252)	1,064,486	10,790,455	(22,774,569)
Dividends	-	-	-	-
Share price at year end (cents)	10	24	28	25
Total KMP Remuneration	406,267	352,945	248,084	351,382

NEW AGRIBUSINESS & CHEMICAL

Directors' Report (continued)

Remuneration Report – Audited (continued)

2. Key Management Personnel

The following persons were key management personnel of Australia New Agribusiness & Chemical Group Ltd during the financial year:

Name	Position Held	Appointment / Resignation Date
Directors		
Mr. Jun Xiao	Director – Chairman	
Mr. Yinan Zhang	Managing Director	
Mr. Yiming Cui	Director - Non-executive	
Ms. Julia Yan Zhu	Director - Non-executive	Resigned 30/06/2014
Mr. James Naiming Li	Director - Non-executive	
Mr. Kai Cheng	Director - Non-executive	Appointed 01/07/2014

3. Details of Remuneration

Details of compensation by key management personnel of Australia New Agribusiness & Chemical Group Ltd are set out below:

Year ended 31 December 2014

	Short term benefits			Post employment benefits	Termination benefits	Long term benefits	
	Salary & Fees $	Cash bonus $	Non cash $	Super -annuation $	$	Annual & Long Service Leave $	Total $
Directors							
Mr Jun Xiao	50,000		-	-	-	-	50,000
Mr Yinan Zhang	188,633	-	-	17,634	-	-	206,267
Mr. Yiming Cui	50,000	-	-	-	-	-	50,000
Ms Julia Yan Zhu	25,000	-	-	-	-	-	25,000
Mr. James Naiming Li	50,000	-	-	-	-	-	50,000
Mr. Kai Cheng	25,000	-	-	-	-	-	25,000
Total	388,633	-	-	17,634	-	-	406,267

No other payments including share based payments (options) were paid or granted to the above key management personnel during the year.

No remuneration was dependent on meeting performance measures in the 2014 financial year.

Directors' Report (continued)

Remuneration Report – Audited (continued)

3. Details of Remuneration (continued)

Year ended 31 December 2013

	Short term benefits			Post employment benefits	Termination benefits	Long term benefits	
	Salary & Fees $	Cash bonus $	Non cash $	Super – annuation $	$	Annual & Long Service Leave $	Total $
Directors							
Mr Jun Xiao	50,000		-	-	-	-	50,000
Mr Yinan Zhang	140,194	-	-	12,751	-	-	152,945
Mr. Yiming Cui	50,000	-	-	-	-	-	50,000
Ms Julia Yan Zhu	50,000	-	-	-	-	-	50,000
Mr. James Naiming Li	50,000	-	-	-	-	-	50,000
Total	340,194	-	-	12,751	-	-	352,945

No other payments including share based payments (options) were paid or granted to the above key management personnel during the year.

No remuneration was dependent on meeting performance measures in the 2013 financial year.

4. Equity instruments Shareholdings

Details of equity instruments (other than options and rights) held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

	Balance at 1 January 2014 $	Received on conversion of $	Share split Benefits/Other $	Other changes $	Annual & Long Service Leave $	Balance at 31 December 2014 $
Directors						
Yinan Zhang	54,000,00	-	-	-	-	54,000,003
Jun Xiao	49,019,35	-	-	-	-	49,019,354
Total	**103,019,357**	-	-	-	-	**103,019,357**

Option holdings
Australia New Agribusiness & Chemical Group Ltd has no outstanding options on issue.

Directors' Report (continued)

Remuneration Report – Audited (continued)

5. Loans from KMP to the Group

	2014 $
Balance at beginning of the year	(971,695)
Loans from KMP to the Group	(500,000)
Repayment	1,268,328
Balance at end of year	(203,367)

The above loan was from Yinan Zhang. The loan was non-interest bearing and on-demand.

6. Loans from the Group to KMP

	2014 $
Balance at beginning of the year	-
Funds KMP received on behalf of Group	2,000,000
Funds paid by KMP to Group	(670,000)
Balance at end of year	1,330,000

In December 2014 a third party paid $2 million for an 8.16% shareholding of Venus. The $2 million was paid to Yinan Zhang on behalf of the Group. Yinan Zhang transferred $670,000 of these funds to the group prior to year end. Subsequent to the year-end Mr Zhang has fully transferred the remaining balance to the Group before the date this report signed. The loan was non-interest bearing.

There were no other transactions with key management personnel during the year.

7. Cash Bonuses

No cash bonuses were paid or vested during the year ended 31 December 2014 or 31 December 2013.

8. Share Based Payment Bonuses

No share based payment bonuses were paid or vested during the year ended 31 December 2014 or 31 December 2013.

9. Options and Rights Granted as Remuneration

No options or rights were granted to key management personnel as compensation during the year ended 31 December 2014 or the year ended 31 December 2013.

Directors' Report (continued)

Remuneration Report – Audited (continued)

10. Equity Issued on Exercise of Remuneration Options

No equity instruments were issued during the year ended 31 December 2014 or 31 December 2013 to key management personnel as a result of options exercised that had previously been granted as compensation.

11. Service Contracts

The Managing Director of Australia New Agribusiness & Chemical Group Ltd, Mr. Yinan Zhang, has a five-year contract agreement with the Company which commences with effect from the listing date and expires on the date calculated five years from the listing date. The executive director may terminate the agreement and his employment with the Company without cause during the initial term and any additional term on the giving of 90 days written notice to the Company. There is no termination pay in the contract.

Non-executive Directors have service contracts with Australia New Agribusiness & Chemical Group Ltd. New Agri Group has to pay each director annually based on market rates as consideration for agreeing to hold the position. There is no agreement by Australia New Agribusiness & Chemical Group Ltd to pay non-executive directors any pre-determined amounts in the event of their termination.

End of audited remuneration report

Directors' Report (continued)

Indemnifying Officers or Auditors

Insurance premiums paid for directors

During the year Australia New Agribusiness & Chemical Group Ltd paid a premium of $23,475 (2013: $17,376) in respect of a contract insuring directors and of the company and its controlled entities against a liability incurred as director and to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or any of its controlled entities against a liability incurred as such an officer or auditor.

Non-audit services

During the financial year, the following fees for non-audit services were paid or payable to the auditor, BDO Audit Pty Ltd, or their related entities:

	2014 $ (excl GST)	2013 $ (excl GST)
Non-audit Services		
- Taxation services	-	75,590
Total	-	75,590

On the advice of the audit committee, the directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the non-audit services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2014 has been received and can be found on page 18 of the financial report.

Directors' Report (continued)

Proceedings on Behalf of Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Signed in accordance with a resolution of Directors:

Mr Yinan Zhang

Dated this 31st day of March 2015

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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

As lead auditor of Australia New Agribusiness & Chemical Group Ltd for the year ended 31 December 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 31 March 2015

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

NEW AGRIBUSINESS
& CHEMICAL

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	CONSOLIDATED 2014 $	2013 $
Revenue from continuing operation	**3**	**3,402,485**	346,861
Cost of sales		**(2,476,166)**	-
Gross profit		**926,319**	346,861
Other income	**4**	**418,313**	8,396,110
Distribution expenses		**(354,286)**	-
Marketing expenses		**(198,506)**	-
Administration expenses		**(3,930,331)**	(2,057,571)
Occupancy expenses	**5**	**(1,288,363)**	(421,930)
Finance costs	**5**	**(414,206)**	(100,481)
Other expenses	**5**	**(10,180,484)**	(41,808)
Share of loss of associates accounted for using the equity method	**19(d)**	**-**	(2,223,694)
(Loss)/profit before income tax expense		**(15,021,544)**	3,897,487
Income tax expense	**6**	**58,292**	(3,554,895)
(Loss)/profit from continuing operations		**(14,963,252)**	342,592
Profit from discontinued operations, net of tax	**6**	**-**	721,894
(Loss)/profit for the year		**(14,963,252)**	1,064,486
Total comprehensive (loss)/ income for the year		**(14,963,252)**	1,064,486
(Loss)/Profit is attributable to			
Owners of Australia New Agribusiness & Chemical Group Ltd		**(14,963,252)**	1,064,486
Non-controlling Interest		**-**	-
		(14,963,252)	1,064,486
Total comprehensive(loss)/income for the year is attributable to			
Owners of Australia New Agribusiness & Chemical Group Ltd		**(14,963,252)**	1,064,486
Non-controlling Interest		**-**	-
		(14,963,252)	1,064,486

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

		CONSOLIDATED	
	Note	**2014**	**2013**
Earnings per share for profit for the year	**7**	**Cents**	**Cents**
Overall operations			
Basic earnings per share		**(7.09)**	0.50
Diluted earnings per share		**(7.09)**	0.50
Continuing operations			
Basic earnings per share		**(7.09)**	0.16
Diluted earnings per share		**(7.09)**	0.16
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 note

NEW AGRIBUSINESS
& CHEMICAL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	CONSOLIDATED 2014	2013
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	10	**1,043,095**	10,859,364
Other financial assets	11	**422,673**	413,642
Trade and other receivables	12	**1,991,247**	8,487,140
Inventories	13	**3,958,286**	2,613,924
Other assets	14	**244,099**	751,214
Total current assets		**7,659,400**	23,125,284
Non-current assets			
Property, plant and equipment	15	**6,341,285**	15,121,749
Other financial assets	16	**1,407,969**	1,372,901
Other assets	14	**57,357**	4,924,021
Exploration and evaluation assets	17	**13,840,345**	-
Total non-current assets		**21,646,956**	21,418,671
Total assets		**29,306,356**	44,543,955
LIABILITIES			
Current liabilities			
Trade and other payables	20	**2,206,821**	7,051,888
Borrowings	21	**5,008,599**	700,000
Income tax liabilities	6	**1,779,085**	3,929,201
Other liabilities		**32,652**	15,255
Total current liabilities		**9,027,157**	11,696,344
Non-current liabilities			
Borrowings	21	**62,926**	-
Income tax liabilities	6	**331,914**	-
Total non-current liabilities		**394,840**	-
Total liabilities		**9,421,997**	11,696,344
Net assets		**19,884,359**	32,847,611

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

NEW AGRIBUSINESS
& CHEMICAL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2014

EQUITY			
Contributed equity	**22**	**36,615,244**	36,615,244
Reserves	**23**	**1,840,000**	-
Accumulated losses		**(18,730,885)**	(3,767,633)
Capital and reserves attributable to owners of Australia New Agribusiness & Chemical Group Ltd		**19,724,359**	32,847,611
Non-controlling interest	**24**	**160,000**	-
Total equity		**19,884,359**	32,847,611

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

NEW AGRIBUSINESS
& CHEMICAL

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to owners of Australia New Agribusiness & Chemical Group Ltd					
	Contributed Equity	Reserves	Retained Earnings/ (Accumulated losses)	Total Parent	Non-controlling Interests	Total Entity
CONSOLIDATED	**$**	**$**	**$**	**$**	**$**	**$**
At 1 January 2013	36,615,244	-	(4,832,119)	31,783,125	-	31,783,125
Total comprehensive income for the year						
Profit for the year	-	-	1,064,486	1,064,486	-	1,064,486
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	1,064,486	1,064,486	-	1,064,486
Total transactions with owners in their capacity as owners	-	-	-	-	-	-
At 31 December 2013	**36,615,244**	**-**	**(3,767,633)**	**32,847,611**	**-**	**32,847,611**

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

NEW AGRIBUSINESS & CHEMICAL

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to owners of Australia New Agribusiness & Chemical Group Ltd					
	Contributed Equity	**Reserves**	**Retained Earnings/ (Accumulated losses)**	**Total Parent**	**Non-controlling Interests**	**Total Entity**
CONSOLIDATED	**$**	**$**	**$**	**$**	**$**	**$**
At 1 January 2014	36,615,244	-	(3,767,633)	32,847,611	-	32,847,611
Total comprehensive income for the year						
Loss for the year	-	-	(14,963,252)	(14,963,252)	-	(14,963,252)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-		(14,963,252)	(14,963,252)	-	(14,963,252)
Transactions with non-controlling interests	-	1,840,000	-	1,840,000	160,000	2,000,000
Total transactions with owners in their capacity as owners	-	1,840,000	-	1,840,000	160,000	2,000,000
At 31 December 2014	36,615,244	1,840,000	(18,730,885)	**19,724,359**	160,000	**19,884,359**

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

NEW AGRIBUSINESS & CHEMICAL

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

		CONSOLIDATED	
	Note	**2014**	**2013**
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**3,012,808**	216,909
Payments to suppliers and employees		**(8,737,093)**	(5,458,257)
Interest received		**116,941**	192,459
Interest paid		**(71,173)**	(62,391)
Income tax paid		**(1,324,343)**	-
R&D tax incentive received		**48,903**	-
NET CASH USED IN BY OPERATING ACTIVITIES	**28**	**(6,953,957)**	(5,111,280)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		**(1,644,698)**	(2,452,130)
Proceeds on disposal of property, plant & equipment		**7,297,954**	14,000
Payments for investment in associate	**19(b)**	**-**	(10,952,941)
Proceeds on disposal of associate	**19(c)**	**-**	22,000,000
Payments for exploration and evaluation assets		**(9,226,324)**	(4,614,021)
Increase in term deposits with maturity over three months		**(44,099)**	(763,067)
Loans to third parties		**-**	(1,019,200)
Loan repaid by third parties		**1,000,000**	-
NET CASH (USED IN)/PROVIDED BYINVESTING ACTIVITIES		**(2,617,167)**	2,212,641
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**73,790**	2,205,508
Repayment of borrowings		**(180,813)**	(1,505,508)
Transactions with non-controlling interests		**670,000**	-
Loan from related parties		**250,000**	-
Repayment of loan from related parties		**(1,058,122)**	(1,849,725)
Loan from third parties		**-**	58,122
NET CASH USED IN FINANCING ACTIVITIES		**(245,145)**	(1,091,603)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(9,816,269)**	(3,990,242)
Cash and cash equivalents at beginning of the year		**10,859,364**	14,849,606
CASH AND CASH EQUIVALENTS AT END OF YEAR	**10**	**1,043,095**	10,859,364

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

The consolidated financial statements of Australia New Agribusiness & Chemical Group Ltd for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 31 March 2015, which covers Australia New Agribusiness & Chemical Group Ltd as a consolidated entity consisting of Australia New Agribusiness & Chemical Group Ltd ("the parent company") and its subsidiaries ("the Group" or "consolidated entity") as required by the *Corporations Act 2001*.

The financial statements are presented in Australian dollars.

Australia New Agribusiness & Chemical Group Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

Note 1: Summary of significant accounting policies

a) Basis of Preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Australia New Agribusiness & Chemical Group Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have also been prepared on a historical cost basis. Non-current assets and disposal groups held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

The following is a summary of the material accounting policies adopted in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

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 and are not likely to affect future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 1: Summary of significant accounting policies (continued)

a) Basis of Preparation (continued)

Parent entity financial information

The financial information for the parent entity, Australia New Agribusiness & Chemical Group Ltd, included in note 30, has been prepared on the same basis as the consolidated financial statements, except as follows:

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less accumulated impairment. Dividends received from associates and joint venture entities are recognised as revenue in the parent entity's profit or loss, rather than being deducted from the carrying amount of the investment.

b) Basis of Consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of Australia New Agribusiness & Chemical Group Ltd and its subsidiaries at 31 December each year ("the Group"). The group has control over an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Consolidated financial statements include all subsidiaries from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position respectively. Total comprehensive income is attributable to owners of Australia New Agribusiness & Chemical Group Ltd and non-controlling interests even if this results in the non-controlling interests having a debit balance.

The acquisition method of accounting is used to account for business combinations by the consolidated entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 1: Summary of significant accounting policies (continued)

b) Basis of Consolidation (continued)

Associates

Associates are entities over which the Group has significant influence but not control. Associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the Group's share of post-acquisition profits or losses of associates is recognised in consolidated profit or loss and the Group's share of post-acquisition other comprehensive income of associates is recognised in consolidated other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received from associates are recognised in the parent entity's profit or loss, while they reduce the carrying amount of the investment in the consolidated financial statements.

When the Group's share of post-acquisition losses in an associate exceeds its interest in the associate (including any unsecured receivables), the Group does not recognise further losses unless it has obligations to, or has made payments, on behalf of the associate.

The financial statements of the associates are used to apply the equity method. The end of the reporting period of the associates and the parent are identical and both use consistent accounting policies.

Changes in ownership interest

Transactions with non-controlling interests that increase or decrease the Group's ownership interest in a subsidiary, but which do not result in a change of control, are accounted for as transactions with equity owners of the Group. An adjustment is made between the carrying amount of the Group's controlling interest and the carrying amount of the non-controlling interests to reflect their relative values in the subsidiary. Any difference between the amount of the adjustment to the non-controlling interest and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Australia New Agribusiness & Chemical Group Ltd.

Where the Group loses control of a subsidiary but retains significant influence, joint control, or an available-for-sale investment, the retained interest is remeasured to fair value at the date that control is lost and the difference between fair value and the carrying amount is recognised in profit or loss. This fair value is the initial carrying amount for the retained investment in associate, jointly controlled entity or available-for-sale financial asset. If no ownership interest is retained, or if any remaining investment is classified as available-for-sale, any amounts previously recognised in other comprehensive income in respect of the entity are accounted for as if the Group had directly disposed of the related assets or liabilities and may be recognised in profit or loss. To the extent that the Group retains significant influence or joint control, balances of other comprehensive income relating to the associate or jointly controlled entity will only be reclassified from other comprehensive income to profit or loss to the extent of the reduced ownership interest so that the balance of other comprehensive represents the Group's proportionate share of other comprehensive income of the associate/jointly controlled entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 1: Summary of significant accounting policies (continued)

c) Going Concern

The consolidated entity incurred a net loss of $14,963,252 for the year ended 31 December 2014. As at 31 December 2014 the consolidated entity has cash reserves of $1,043,095, a net current asset deficit of $1,367,757 and net assets of $19,884,359.

The ability of the consolidated entity to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the company to raise additional capital in the form of debt or equity;
- the ability of the company to meet its forecast sales volumes of fertilizer, glass and phosphate; and
- the continued support of current financiers and shareholders.

These conditions give rise to material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the consolidated entity has funded its activities through issuance of equity securities or debt and sale of investments and it is expected that the consolidated entity will be able to fund its future activities through further issuances of debt or equity securities;
- The Apollo Fertilizer plant has been commissioned and has commenced production and sales in the first quarter of 2015;
- The directors expect that the first sales of phosphate will occur in 2015;
- The directors believe there is sufficient cash available for the consolidated entity to continue operating until it can raise sufficient further capital to fund its ongoing activities.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 1: Summary of significant accounting policies (continued)

d) Foreign Currency Translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Australia New Agribusiness & Chemical Group Ltd's presentation and functional currency.

Translation of foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

Translation of foreign operations

At the end of the reporting period, the assets and liabilities of the overseas subsidiaries are translated into the presentation currency of the Group at the closing rate at the end of the reporting period and income and expenses are translated at the weighted average exchange rates for the year. All resulting exchange differences are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve). On disposal of a foreign entity, the cumulative exchange differences recognised in foreign currency translation reserves relating to that particular foreign operation is recognised in profit or loss.

e) Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when goods have been delivered to the customer. Revenue excludes value added tax or other sales taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 1: Summary of significant accounting policies (continued)

e) Revenue recognition (continued)

Interest

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Lease Income

Leases of property, plant and equipment, when the Group, as lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Lease income from operating leases is recognised in income on a straight-line basis over the lease term. The aggregate cost of incentives is recognised as a reduction in rental income over the lease term on a straight-line basis.

The respective leased assets are included in the statement of financial position based on their nature.

f) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries 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.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income or equity are also recognised directly in other comprehensive income or equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 1: Summary of significant accounting policies (continued)

f) Income tax (continued)

Tax consolidation

Australia New Agribusiness & Chemical Group Ltd and its wholly owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. The Group notified the Tax Office that it had formed an income tax consolidated group to apply from 1 January 2012.

Australia New Agribusiness & Chemical Group Ltd is the head entity in the tax consolidated group. Each entity in the Group recognised its own current and deferred tax assets and liabilities. 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. In addition to its own current and deferred tax amounts, the head entity also recognised the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The tax consolidated group has not entered a tax-funding arrangement.

g) Impairment of assets

At the end of each reporting period the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

h) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

i) Short-term deposits with maturity over three months

Short-term deposits with maturity over three months are excluded from cash and cash equivalents and carried at amortised cost using the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 1: Summary of significant accounting policies (continued)

j) Trade receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 60 and 90 days.

Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Objective evidence of impairment includes financial difficulties of the debtor, default payments or debts overdue for a long time. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

The amount of the impairment loss is recognised in profit or loss. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

k) Inventories

Raw Materials, Work in Progress and Finished Goods

Inventories are stated at the lower of cost and net recognised value. Cost comprises all direct materials, direct labour and an appropriate portion of variable and fixed overheads. Fixed overheads are allocated on the basis of normal operating capacity. Costs are assigned to inventories using the weighted average basis. Net recognised value is the estimated selling price in the ordinary course of business, less the estimated selling cost of completion and selling expenses.

l) Financial instruments

Financial assets

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 1: Summary of significant accounting policies (continued)

l) Financial instruments (continued)

Financial assets

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Classification

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at the end of each reporting period.

Financial assets of the Group are classified in one category as following:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method, less any impairment.

Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 1: Summary of significant accounting policies (continued)

m) Fair value

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. The quoted market price for financial assets is the current bid price and the quoted market price.

The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. Assumptions used are based on observable market prices and rates at the end of the reporting period.

The fair value of long-term debt instruments is determined using quoted market prices for similar instruments. Estimated discounted cash flows are used to determine fair value of the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

n) Property, plant and equipment

Property, plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

The depreciable amounts of all fixed assets are depreciated on a straight line basis over their estimated useful lives to the economic entity commencing from the time the assets are held ready for use.

Assets are depreciated over their useful lives as follows:

Machinery & motor vehicles	8 years
Furniture, fittings and equipment	2-10 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 1: Summary of significant accounting policies (continued)

o) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 60 days to 2 years payment terms.

p) Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans and borrowings using the effective interest method.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that it is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed when incurred.

q) Employee benefit provisions

Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits, and accumulating sick leave expected to be settled wholly within 12 months after the end of the reporting period are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Other long-term employee benefit obligations

Liabilities for long service leave and annual leave not expected to be settled wholly within 12 months after the end of the reporting period are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Regardless of when settlement is expected to occur, liabilities for long service leave and annual leave are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 1: Summary of significant accounting policies (continued)

q) Employee benefit provisions (continued)

Bonus

The Group recognised an expense and a liability for bonuses when the entity is contractually obliged to make such payments or where there is past practice that has created a constructive obligation.

r) Contributed equity

Contributions by shareholders are classified as equity. Costs directly attributable to capital raising are shown as a deduction from the equity proceeds.

s) Dividends

Provision is made for dividends declared and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

t) Goods and services tax (GST)

Revenues, expenses of Australian entities are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

u) Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of Australia New Agribusiness & Chemical Group Ltd , adjusted for the after-tax effect of preference dividends on preference shares classified as equity, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year. The weighted average number of issued shares outstanding during the financial year does not include shares issued as part of the Employee Share Loan Plan that are treated as in-substance options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 1: Summary of significant accounting policies (continued)

u) Earnings per Share (continued)

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

v) Critical accounting estimates & judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of Other Receivables

Included in other receivables is $7,452,000 representing the outstanding consideration on the disposal of U&D Mining Industry (Australia) Pty Ltd (‘U&D’). $3,800,000 is owed from China Kunlun International Holding Limited and $3,652,000 is owed from Golden Globe Energy Limited. Due to the uncertainty at 31 December 2014 regarding whether this amount will be recovered, the total receivable of $7,452,000 was provided for at 31 December 2014. The Group entered a new Deed of Amendment signed on 12 January 2015 to re-arrange the payment term and conditions. Refer to note 31 for details.

Recoverability of Apollo Fertilizer Cash-Generating-Unit

In the current year the group tested whether the assets associated with the Apollo Fertilizer cash-generating-unit (“CGU”) have suffered any impairment, in accordance with the accounting policy stated in note 1(g). The recoverable amount of the cash-generating units has been determined based on value-in-use calculations. These calculations require the use of assumptions. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. The most significant assumptions used in the value-in-use calculation are shown below:

Budgeted gross margin:	22%
Long term growth rate:	2.5%[1]
Discount rate:	15%[2]

[1] Average growth rate used to extrapolate cash flows beyond the budget period

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 1: Summary of significant accounting policies (continued)

v) Critical accounting estimates & judgements (continued)

Recoverability of Apollo Fertilizer Cash-Generating-Unit (continued)

[2] In performing the value-in-use calculations the group has applied a pre-tax discount rate to discount the forecast future attributable pre-tax cash flows.

Forecast sales volumes:

	2015	2016	2017	2018	2019
Tonnes per annum	4,600	9,100	12,700	17,100	20,500

Management determined budgeted gross margin based on the expected selling price of its products, the budgeted cost based on the test production runs that have occurred in 2014 and its expectations for the future. The long term growth rate used is consistent with forecasts included in industry reports. The discount rates used reflects the specific risks relating to this segment. The sales volumes are based on the market for the fertilizer products in Queensland, the forecast market penetration of Apollo fertilizer and the capacity of the plant.

Should these assumptions not eventuate it may result in an impairment of the assets carried in this CGU in the future.

NEW AGRIBUSINESS & CHEMICAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 1: Summary of significant accounting policies (continued)

w) Accounting standards issued, not yet effective

The following new/amended accounting standards have been issued, but are not mandatory for the year ended 31 December 2014. They have not been adopted in preparing the financial statements for the year ended 31 December 2014 and may impact the Group in the period of initial application. In all cases the Group intends to apply these standards from the mandatory application date as indicated in the table below.

Standards likely to have a financial impact

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9. These include the requirements relating to: • Classification and measurement of financial liabilities; and • Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2017	Adoption of AASB 9 is only mandatory for the 31 December 2017 year end. The entity has not yet made an assessment of the impact of these amendments.
AASB 15 (issued December 2015)	Revenue from Contracts with Customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 *Revenue*.	Annual reporting periods beginning on or after 1 January 2017	Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 1: Summary of significant accounting policies (continued)

w) Accounting standards issued, not yet effective (continued)

Standards likely to have a disclosure impact only

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 2013-9 (issued December 2013)	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	Makes three amendments to AASB 9: • Adding the new hedge accounting requirements into AASB 9 • Deferring the effective date of AASB 9 from 1 January 2015 to 1 January 2018, and • Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other AASB 9 requirements.	Annual reporting periods beginning on or after 1 January 2018	The application date of AASB 9 has been deferred to 1 January 2018. The entity has not yet made an assessment of the impact of these amendments.

All other pending standards have no material application to the Group.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 2: Segment Reporting

(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 year ended 31 December 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 year ended 31 December 2013.

For the year ended 31 December 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

(b) Segment information

Segment information provided to the board of directors for the year ended 31 December is as follows:

31 December 2014	Glass Processing	Compound Fertilizer Apollo	Phosphate Tenements	Segment Total	Unallocated Amount	Consolidated
	$	$	$	$	$	$
Sales revenue	3,027,658	122,296	-	3,149,954	-	3,149,954
Other revenue	144,787	39,170	-	183,957	68,574	252,531
Total revenue from external customers	3,172,445	161,466	-	3,333,911	68,574	3,402,485
Depreciation	150,317	350,803	-	501,120	18,594	519,714
Interest revenue	5,964	39,170	-	45,134	68,574	113,708
Interest expense	1,130	-	-	1,130	377,718	378,848
Income tax expense	-	-	-	-	(58,292)	(58,292)
Net (loss)/profit after tax	(88,651)	(5,725,355)	-	(5,814,006)	(9,149,246)[1]	(14,963,252)
Total assets	2,633,823	9,903,996	13,840,345	26,378,164	2,928,192	29,306,356
include: non-current assets	1,689,444	2,065,208	13,840,345	17,594,997	333,745	21,646,956
Total liabilities	503,448	864,259	-	1,367,707	8,054,290	9,421,997

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 2: Segment Reporting (continued)

(b) Segment information (continued)

[1] Unallocated profit consists of the following:

Bad and doubtful debts - current receivables	7,452,000
Other corporate expenses	1,697,246
	9,149,246

(c) Entity-wide disclosures

Product and services

The board considers that the Group only has one product type for each segment, which is processed glass for Glass Processing segment and fertiliser for Compound Fertilizer segment.

Geographic information

Sales revenue and non-current assets are all located in Australia.

Major customers

In 2014 revenue of $650,672 was derived from a single external customer. These revenues are attributable to glass processing segment and amount to more than 10% the group's revenue from external customers. (2013: nil).

		CONSOLIDATED	
	Note	**2014**	**2013**
		$	**$**
Note 3: Revenue			
Continuing operation			
Sales revenue		**3,149,954**	-
Rental income		**138,823**	183,063
Interest revenue		**113,708**	163,798
		3,402,485	346,861
Note 4: Other Income			
Continuing operation			
Gain on disposal of associate	(a)	**-**	8,370,102
R&D Incentive		**396,873**	-
Sundry income		**21,440**	26,008
		418,313	8,396,110

a) Gain on disposal of associate

On 13 November 2013 the Group disposed of the remaining 49% of its ownership in an associate, U&D. Refer to Note 19 for more information.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	2014	2013
	$	$
Note 5: Expenses		
Profit from continuing operations before income tax includes the following specific expenses:		
Depreciation expense		
Buildings	**69,361**	-
Leasehold improvement	**8,115**	-
Machinery and vehicles	**422,895**	23,068
Furniture, fittings and equipment	**19,343**	5,544
	519,714	28,612
Employee benefits expense		
Wages and salaries	**3,012,742**	1,241,009
Defined contribution superannuation	**79,933**	91,092
	3,092,675	1,332,101
Finance costs		
Interest expenses	**378,848**	67,050
Bank fees	**35,358**	33,431
	414,206	100,481
Operating lease expenses – minimum lease payments	**1,288,363**	421,930
Net foreign exchange loss	**471**	38,061
Net loss on disposal of property, plant and equipment	**2,377,717**	1,299
Bad and doubtful debts - current receivables	**7,452,000**	-
Write-down of inventories to net realisable value	**345,317**	-

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Note 6: Income Tax Expense		
Major components of income tax expense are:		
Current tax expense		
Current tax expense	**-**	1,186,093
Adjustments for previous years	**(58,292)**	1,646,908
	(58,292)	2,833,001
Deferred tax expense		
Origination and reversal of temporary differences	**-**	-
Total income tax (benefit)/expense in profit or loss	**(58,292)**	2,833,001
Income tax (benefit)/expense applicable to:		
-Continuing operations	**(58,292)**	3,554,895
-Discontinued operations	**-**	(721,894)
	(58,292)	2,833,001

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 year ended 31 December 2013 results from an over accrual of tax in the prior period.

	2014	2013
Reconciliation		
(Loss)/profit from continuing operations before income tax expense	**(15,021,544)**	3,897,487
Accounting (loss)/profit before income tax	**(15,021,544)**	3,897,487
Tax at the Australian tax rate of 30% (2013: 30%)	**(4,506,463)**	1,169,246
Non-taxable income:		
- R&D incentive	**(119,062)**	-
Non-deductible expenses:		
- entertainment	**3,025**	3,704
- R&D expenditure	**231,980**	-
- other non-deductible expenses	**8,252**	13,143
Deferred tax assets not recognised	**4,382,268**	-
(Over)/ under provision in prior years	**(58,292)**	1,646,908
Income tax (benefit)/expense	**(58,292)**	2,833,001

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	2014	2013
	$	$
Note 6: Income Tax Expense (continued)		
Recognised deferred tax assets		
(i) Unused tax losses	**-**	-
(ii) Deductible temporary differences	**126,002**	5,943
	126,002	5,943
Recognised deferred tax liabilities		
Assessable temporary differences	**126,002**	5,943
	126,002	5,943
Net deferred tax recognised	**-**	**-**
Unrecognised temporary differences and tax losses comprise:		
Unused tax losses for which no deferred tax asset has been recognised	**7,057,546**	-
Provision for impairment of receivable	**7,452,000**	-
Other	**98,014**	-
Total	**14,607,560**	-
Potential tax benefit @ 30%	**4,382,268**	-

In 2014 the unused tax losses of $7,057,546, including capital loss of $1,270,448, represent the tax losses incurred by Australian entities. There is no expiry date on the future deductibility of these unused tax losses.

Income tax liabilities

Current income tax liabilities	**1,779,085**	3,929,201
Non-current income tax liabilities	**331,914**	**-**
	2,110,999	3,929,201

The group has entered into a payment plan with the Australian Tax Office for its tax liability from a prior year.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Note 7: Earnings per share		
(a) Basic earnings per share		
(Loss)/profit attributable to owners of Australia New Agribusiness & Chemical Group Ltd used to calculate basic earnings per share:		
(Loss)/profit from continuing operations	**(14,963,252)**	342,592
(Loss)/profit from discontinued operations	**-**	721,894
	(14,963,252)	1,064,486
(b) Diluted earnings per share		
(Loss)/profit attributable to owners of Australia New Agribusiness & Chemical Group Ltd used to calculate diluted earnings per share:		
(Loss)/profit from continuing operations	**(14,963,252)**	342,592
(Loss)/profit from discontinued operations	**-**	721,894
	(14,963,252)	1,064,486
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**211,115,355**	211,115,355
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**211,115,355**	211,115,355

Diluted earnings per share are equal to basic earnings per share as the Group has not issued any dilutive instruments.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 8: Auditor's Remuneration

During the year the following fees were paid or payable for services provided by BDO:

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Audit services		
BDO Audit Pty Ltd		
Audit and review of financial statements	92,940	83,700
Taxation services		
BDO (QLD) Pty Ltd		
Tax services	-	75,590
Total remuneration of BDO	**92,940**	**159,290**

Note 9: Dividends

No dividend for the full year ended 31 December 2014 has been declared or paid to shareholders by the Group (2013: nil). The balance of the franking account is $3,474,802 (2013: $3,881,063).

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The amount shown above includes franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	2014	2013
	$	$

Note 10: Cash and Cash Equivalents

Cash on hand	**544**	5,156
Cash at bank	**1,042,551**	10,854,208
Cash and cash equivalents	**1,043,095**	10,859,364

Cash on hand is non-interest bearing. Cash at bank bears a floating interest rate from 0% to 3.65% (2013: 0%-3.65%).

Concentration of risk by banks

Commonwealth Bank – S&P Rating of A-1+ (2013: A-1+)	**985,640**	677,474
ANZ Bank – S&P Rating of A-1+ (2013: A-1+)	**26,762**	97,928
Bank of China – S&P Rating of A-1 (2013: A-1)	**-**	49,772
China Construction Bank – S&P Rating of A-1 (2013: A-1)	**30,149**	10,029,034
	1,042,551	10,854.208

Reconciliation for the consolidated statement of cash flows

Cash and cash equivalents at end of year representing		
Continuing operations	**1,043,095**	10,859,364
	1,043,095	10,859,364

Note 11: Other Financial Assets

Current		
Short-term deposits with maturity over three months	**422,673**	413,642

As at 31 December 2014 the short-term deposits of $422,673 (2013:413,642) are pledged to obtain corporate credit cards of Australia New Agribusiness & Chemical Group Ltd and bear fixed interest rates from 2.50% to 2.95% (2013: 2.5% - 3.1%).

Concentration of risk by banks

Commonwealth Bank – S&P Rating of A -1+ (2013:A-1+)	**200,000**	3,390
ANZ Bank – S&P Rating of A-1+ (2013: AA-1+)	**222,673**	410,252
	422,673	413,642

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 12: Trade and other receivables

Current			
Trade receivables	(a)	611,743	-
Other receivables	(b)	**7,483,195**	7,487,140
Allowance for doubtful debts	(b)	**(7,452,000)**	-
		31,195	7,487,140
Loans to key management personnel	(c)	**1,348,309**	-
Loan to third party	(d)	**-**	1,000,000
Total trade and other receivables		**1,991,247**	8,487,140

(a) Trade receivables

Age analysis of trade receivables that are past due but not impaired at the end of the reporting period

	Year ended 31 Dec 2014			Year ended 31 Dec 2013		
	Amount not impaired	Amount Impaired	Total	Amount not impaired	Amount Impaired	Total
	$	$	$	$	$	$
Not past due	347,416	-	347,416	-	-	-
Past due < 3 months	264,327	-	264,327	-	-	-
Total	611,743	-	611,743	-	-	-

As at 31 December 2014, trade receivables of $264,327 were past due but not impaired. Payment terms on receivables past due but not considered impaired have not been re-negotiated. The Group has been in direct contact with the relevant customers and are reasonably satisfied that payment will be received in full.

All other trade receivables, which are neither past due nor impaired, are with long standing customers who have sound credit histories. It is expected that these amounts will be received when due.

(b) 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 31 December 2014. Subsequent to year end the Group entered a new Deed of Amendment with new payment terms. Refer to note 31 for more information.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	2014	2013
	$	$

Note 12: Trade and other receivables (continued)

(c) Other receivables

Further information relating to loans to key management personnel is set out in note 26(c).

(d) Loan to third party

Loan receivable from third party at 31 December 2013 is unsecured and bears interest at 5.00% to U&D Mining Industry (Australia) Pty Ltd. The loan was repaid on 19 February 2014.

Concentration of credit risk of other receivables and loan to third party

	2014 $	2013 $
China Kunlun International Holding Limited	**3,800,000**	3,800,000
Golden Globe Energy Limited	**3,652,000**	3,652,000
U&D Mining Industry (Australia) Pty Ltd	**-**	1,000,000
Other	**31,195**	35,140
	7,483,195	8,487,140

As at 31 December 2014, other receivables of $7,452,000 were impaired. All other receivables are neither past due nor impaired. It is expected that these amounts will be received when due.

Note 13: Inventories

	2014 $	2013 $
Current		
Raw materials	**2,950,614**	2,613,924
Finished goods	**1,007,672**	-
	3,958,286	2,613,924

The cost of inventories recognised as an expense amounted to $2,476,166 (2013: nil).

Write-downs of finished goods to net realisable value during the current financial year amounted to $345,317 (2013: nil).

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	CONSOLIDATED 2014 $	2013 $
Note 14: Other Assets			
Current			
Prepayment to suppliers		**45,245**	91,503
Other assets		**198,854**	659,711
		244,099	751,214
Non-current			
Deposit paid	(a)	**57,357**	4,924,021

(a) Included in deposit paid at 31 December 2013 is $4,614,021 which represents a deposit in relation to the acquisition of the Krucible tenements. The remaining balance of $310,000 is a deposit paid for the purchase of plant and equipment. Refer to note 29 for further details.

	CONSOLIDATED 2014 $	2013 $
Note 15: Property, Plant and Equipment		
Land & Buildings		
At cost	**-**	5,121,293
Leasehold improvements		
At cost	**122,727**	-
Accumulated depreciation	**(8,115)**	-
	114,612	-
Machinery and vehicles		
At cost	**6,560,107**	320,626
Accumulated depreciation	**(434,496)**	(25,327)
	6,125,611	295,299
Furniture, fittings and equipment		
At cost	**126,616**	82,364
Accumulated depreciation	**(25,554)**	(6,211)
	101,062	76,153
Capital works in progress at cost	**-**	9,629,004
Total property, plant and equipment		
At cost	**6,809,450**	15,153,287
Accumulated depreciation	**(468,165)**	(31,538)
	6,341,285	15,121,749

NEW AGRIBUSINESS & CHEMICAL

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 15: 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 year is as follows:

Consolidated	Land& buildings	Leasehold improvements	Machinery and vehicles	Furniture, fittings and equipment	Capital works in progress	Total
	$	$	$	$	$	$
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)
31 December 2013	**5,121,293**	-	**295,299**	**76,153**	**9,629,004**	**15,121,749**
Transfers	**5,302,966**	**-**	**4,717,776**	**-**	**(10,020,742)**	**-**
Additions	**-**	**122,727**	**1,573,704**	**44,252**	**391,738**	**2,132,421**
Depreciation expense	**(69,361)**	**(8,115)**	**(422,895)**	**(19,343)**	**-**	**(519,714)**
Disposals	**(10,354,898)**	**-**	**(38,273)**	**-**	**-**	**(10,393,171)**
31 December 2014	**-**	**114,612**	**6,125,611**	**101,062**	**-**	**6,341,285**

Note 16: Other Financial Assets

	CONSOLIDATED	
	2014	2013
	$	$
Non-current		
Guarantee deposits	**1,407,969**	1,372,901

Guarantee deposits represent bank deposits to secure the bank guarantees provided for the office rental, warehouse rental and the gas connection, which bear fixed interest rates from 2.95% to 3.30% (2013: 3.10% to 3.75%).

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 17: Exploration and evaluation assets

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Exploration expenditure capitalised		
Balance at the beginning of the year	-	-
Acquisition of tenements during the year	12,371,000	-
Exploration expenditure during the year	1,469,345	-
	13,840,345	-

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 18: Subsidiaries

Interests in subsidiaries

Information relating to the group's interests in principal subsidiaries at 31 December 2014 is set out below.

Name of entity	*Country of incorporation*	*Ownership interest held by group **	
		2014	2013
		%	%
Apollo Fertiliser Queensland Pty Ltd	Australia	**100**	**100**
Australia Mercury Glass Pty Ltd	Australia	**100**	**100**
Australia Venus Resource Pty Ltd**	Australia	**91.84**	**100**

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

** In December 2014, a third party invested in Australia Venus Resource Pty Ltd (“Venus”, previously called “Australia Venus Phosphate Fertiliser Pty Ltd”) $2 million to share 8.16% of the shareholding of Venus, and becomes a minority interest holder of Venus. Refer to Note 24 for further detail.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 19: Investments in associates

Set out below are details of an associate of the Group held during the year ended 31 December 2013 (no investments in associates as at 31 December 2014) which, in the opinion of the directors, is material to the Group. The entity listed below has share capital consisting solely of ordinary shares, which were partly held directly by the Group. The country of incorporation or registration is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

a) Interests in associate

Name of entity	*Country of incorporation*	*Ownership interest held by group*		*Consolidated Carrying Value*	
		2014	2013	**2014**	2013
		%	%	**$**	$
U&D Mining Industry (Australia) Pty Ltd	Australia	-	-	-	-

U&D Mining Industry (Australia) Pty Ltd ('U&D') engages in the acquisition, exploration, development and operation of coal mines and to supply coal product into the seaborne coal market.

b) Movements in carrying amounts

		CONSOLIDATED	
	Note	**2014**	**2013**
		$	**$**
Carrying amount at the beginning of the financial year		**-**	**12,352,651**
Additions		**-**	**10,952,941**
Share of loss after income tax	19 d)	**-**	**(2,223,694)**
Disposals	19 c)	**-**	**(21,081,898)**
Carrying amount at the end of the financial year		**-**	**-**

c) Disposal of interests in associate

On 13 November 2013 the Group disposed of its remaining 49% interest in U&D to two third parties for proceeds of $29,452,000.

The financial information in relation to those disposals is set out as below.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 19: Investments in associates (continued)

i) The gain on sale of the Group ownership interest in U&D has been calculated as follows:

	CONSOLIDATED
	2013
	Disposal of 49% interest
	$
Fair value of cash consideration received	**22,000,000**
Fair value of cash consideration to be received*	**7,452,000**
Fair value of retained investment	**-**
	29,452,000
Less: Carrying value of investment on the date of loss of significant influence	**(21,081,898)**
Gain on interest sold or gain on interest sold and retained investment before income tax	**8,370,102**
Income tax expense (net of tax losses utilised)	**(2,511,031)**
Gain on interest sold or gain on interest sold and retained investment after income tax	**5,859,071**

c) Disposal of interests in associate (continued)

ii) Net cash flow on disposal of U&D

	CONSOLIDATED
	2013
	Disposal of 49% interest
	$
Consideration received in cash and cash equivalents	**22,000,000**
Less: cash and cash equivalent balances disposed of	**-**
	22,000,000

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 19: Investments in associates (continued)

d) Summarised other financial information of associate

The table below includes summarised financial information of U&D and not Australia New Agribusiness & Chemical Group Ltd's share of those amounts. They have been amended to reflect adjustments made by the parent entity when using the equity method, such as fair value adjustments at acquisition and adjustments for differences in accounting policies.

Summarised statement of financial position

	13 November 2013 $
Current assets	56,893,435
Non-current assets	110,363,062
Total assets	**167,256,497**
Current liabilities	124,389,921
Total liabilities	**124,389,921**
Net assets/ (deficiency)	**42,866,576**

Reconciliation of net assets to carrying amount

	13 November 2013 $
Closing net assets	42,866,576
Group's share %	49%
Group's share $	21,081,898
Disposal of 49% interest	(21,081,898)
Carrying amount	**-**

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 19: Investments in associates (continued)

d) Summarised other financial information of associate (continued)

Summarised statement of profit or loss and other comprehensive income

	1 January - 13 November 2013
Revenue	904,787
Loss from continuing operations	(4,538,150)
Loss from discontinued operations (net of tax)	-
Loss for the period	**(4,538,150)**
Other comprehensive income	-
Total comprehensive income	**(4,538,150)**
Group's share of:	
Loss from continuing operations	(2,223,694)
Total comprehensive income	**(2,223,694)**

There are no commitments, contingent liabilities or contingent assets as at 31 December 2014 (2013: Nil).

Note 20: Trade and Other Payables

	CONSOLIDATED	
	2014	2013
	$	$
Current		
Trade payables	**668,614**	-
Other payables and accruals	**1,093,303**	846,466
Other payables - U&D Mining Industry (Australia) Pty Ltd*	**-**	5,000,000
Related party payables	**444,904**	1,205,422
	2,206,821	7,051,888

* Payable to U&D of $5,000,000 transferred to borrowings in 2014. Please see note 21.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Note 21: Borrowings		
Current		
Secured		
Lease liabilities	**8,599**	-
Unsecured		
Loan from third party	**5,000,000**	700,000
	5,008,599	700,000
Non-current		
Secured		
Lease liabilities	**62,926**	-

Third party loan

Loan from third party at 31 December 2014 is due on 30 June 2015. It bears interest at a fixed rate of 4%.

Assets pledged as security

The lease liabilities are secured by a motor vehicle purchased.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Machinery and vehicles	**66,314**	-

Subsequent to year end the Company entered into a Deed of Waiver and Restatement of Loan Terms with U&D Mining Industry (Australia) Pty Ltd ("U&D") whereby the $5,000,000 loan from U&D is secured over the future sales of inventory. Refer to Note 31 for further information.

Note 22: Contributed Equity

a) Share capital

	CONSOLIDATED			
	2014		**2013**	
	Shares	**$**	**Shares**	**$**
Ordinary shares fully paid	**211,115,355**	**36,615,244**	211,115,355	36,615,244

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 22: Contributed Equity (continued)

b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	$
1 January 2013	Opening Balance	211,115,355		36,615,244
31 December 2013	Balance	211,115,355		36,615,244
31 December 2014	Closing balance	211,115,355		36,615,244

Ordinary shares
Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll.

c) Capital risk management
The Group considers its capital to comprise the equity, as shown in the statement of financial position, plus borrowings net of cash and cash deposits. The Group is not subject to externally imposed capital requirements.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its owners through capital growth. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 22: Contributed Equity (continued)

c) Capital risk management (continued)

It is the Group's policy to maintain a gearing level of 30% - 50% under normal operating conditions. The net debt and total equity are shown as below:

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Borrowings	**5,071,525**	700,000
Loan to third party	**-**	5,000,000
Less: Cash and cash equivalent	**(1,043,095)**	(10,859,364)
Term deposits	**(1,830,642)**	(1,786,543)
Net debt	**2,197,788**	-
Total equity	**19,884,359**	32,847,611
Total capital	**22,082,147**	32,847,611
Gearing ratio	**10%**	-

During the financial year 2013, the Group made a gain on the disposal of its ownership interest in an associate remained in a net cash position. In 2014, the funds were used for the Apollo Fertiliser project, glass processing business and phosphate tenements.

There have been no significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

Note 23: Reserves

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Transactions with non-controlling interests reserve	**1,840,000**	-
	1,840,000	-

Transactions with non-controlling interests reserve

The transactions with non-controlling interests reserve is used to record differences which may arise as a result of increases or decreases in non-controlling interests that do not result in a loss of control.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 24: Non-controlling Interests

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Non-controlling interests in:		
Share capital	**160,000**	-
	160,000	-

Note 25: Financial Risk Management

(a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Activities undertaken by the Group may expose the Group to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority to its finance team, for designing and operating processes that ensure the effective implementation of the objectives and policies of the Group. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Board receives monthly reports from the Group Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 25: Financial Risk Management (continued)

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

As at 31 December 2014, the Group held the following financial instruments:

		CONSOLIDATED		CONSOLIDATED	
	Note	2014	2014	2013	2013
		$	$	$	$
Current		Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalent	10	**1,043,095**	**1,043,095**	10,859,364	10,859,364
Short-term deposits with maturity over 3 months	11	**422,673**	**422,673**	413,642	413,642
Trade and other receivables	12	**1,991,247**	**1,991,247**	8,487,140	8,487,140
Non-current					
Guarantee deposits	16	**1,407,969**	**1,407,969**	1,372,901	1,372,901
Cash, loans and receivables		**4,864,984**	**4,864,984**	21,133,047	21,133,047
Current					
Trade and other payables	20	**2,206,821**	**2,206,821**	7,051,888	7,051,888
Borrowings	21	**5,008,599**	**5,008,599**	700,000	700,000
Non-current					
Borrowings	21	**62,926**	**62,926**	-	-
Financial liabilities measured at amortised cost		**7,278,346**	**7,278,346**	7,751,888	7,751,888

The fair value of these current financial instruments is assumed to approximate their carrying value.

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group.

To mitigate the credit risk associated with cash and cash equivalents and term deposits with maturity over three months, cash and term deposits are only deposited with reputable financial institutions. Management considers the credit risk in respect of cash and bank deposits with financial institutions is relatively minimal as each counter party bears a high credit rating .

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 25: Financial Risk Management (continued)

(b) Credit risk (continued)

The maximum exposure of the Group to credit risk at the end of the reporting period is as below:

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Current		
Cash and cash equivalents	**1,043,095**	10,859,364
Short-term deposits with maturity over 3 months	**422,673**	413,642
Trade and other receivables	**1,991,247**	8,487,140
Non-current		
Guarantee deposits	**1,407,969**	1,372,901
Total	**4,864,984**	21,133,047

The maximum exposure to credit risk at the end of the reporting period in relation to each class of financial asset is the carrying amount of those assets, which is net of impairment losses. Refer to the summary of financial instruments table above for the total carrying amount of financial assets.

Refer to Note 10, 11 and 12 for concentration of credit risks for cash and cash equivalent and short-term deposits with maturity over three months and trade and other receivables.

(c) Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments.

Prudent liquidity risk management implies maintaining sufficient cash and ensuring the availability of funding through an adequate amount of committed credit facilities. Flexibility in funding is maintained by keeping committed credit lines available.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

Note 25: Financial Risk Management (continued)

(c) Liquidity Risk (continued)

Financing arrangements

There are no undrawn facilities are available as at 31 December 2014 (2013: Nil).

Maturity Analysis

The table below summarises the maturity profile of the Group's financial liabilities based on contractual commitments.

	Note	Carrying Amount $	Contractual Cash flows $	< 6 months $	6- 12 months $	1- 3 years $
31 December 2014						
Non-derivatives						
Non-interest bearing	20	**2,206,821**	**2,206,821**	**2,206,821**	**-**	**-**
Interest bearing borrowings	21	**5,071,525**	**5,375,843**	**5,300,382**	**6,683**	**68,778**
		7,278,346	**7,582,664**	**7,507,203**	**6,683**	**68,778**
31 December 2013						
Non-interest bearing	20	7,051,888	7,051,888	7,051,888	-	-
Interest bearing borrowings	21	700,000	717,500	-	717,500	-
		7,751,888	7,769,388	7,051,888	717,500	-

.

(d) Market risk

(i) Interest rate risk

Interest risk arises from the use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk).

The Group's exposure to cash flow interest relates primarily to cash at bank of the Group which bears floating rates. The Group does not have significant exposure to fair value interest rate risk as all the Group's borrowings are not designated as financial liabilities at fair value through profit and loss.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 25: Financial Risk Management (continued)

(d) Market risk (continued)

(i) Interest rate risk (continued)

It is the Group's policy to eliminate interest rate risk over the cash flows on its short-term debt finance through the use of fixed rate instruments for 12 months. The Group monitors its interest rate exposure continuously. The Group also considers, on a continuous basis, alternative financing opportunities and renewal of existing positions.

The Group's exposure to interest rate risk and the effective weighted average interest rate, by maturity periods, is set out in the tables below:

	Weighted average interest rate	**Floating rates**	**Fixed rates < 1 year**	**Fixed rates > 1 year**	**Non-interest bearing**	**Total**
		$	**$**	**$**	**$**	**$**
31 December 2014						
Financial Assets						
Cash and cash equivalent	1.07%	1,042,551	-	-	544	1,043,095
Short-term deposits with maturity over 3 months	2.72%	-	422,673	-	-	422,673
Trade and other receivables		-			1,991,247	1,991,247
Guarantee deposits	3.13%	-	1,407,969	-	-	1,407,969
Financial Liabilities						
Trade and other payables		-	-	-	(2,206,821)	(2,206,821)
Borrowings	4.03%	-	(5,008,599)	(62,926)	-	(5,071,525)
		1,042,551	(3,177,957)	(62,926)	(215,030)	(2,413,362)
31 December 2013						
Financial Assets						
Cash and cash equivalent	2.49%	10,854,208	-		5,156	10,859,364
Short-term deposits with maturity over 3 months	2.79%	-	413,642		-	413,642
Trade and other receivables	5.00%	-	1,000,000		7,487,140	8,487,140
Guarantee deposits	3.39%	-	1,372,901		-	1,372,901
Financial Liabilities						
Trade and other payables		-	-		(7,051,888)	(7,051,888)
Borrowings	2.50%	-	(700,000)		-	(700,000)
		10,854,208	2,086,543		440,408	13,381,159

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 25: Financial Risk Management (continued)

(d) Market risk (continued)

(i) Interest rate risk **(continued)**

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit after tax (through the impact on floating rate financial assets and financial liabilities).

	CONSOLIDATED			
	2014		2013	
	+0.04% (4 basis points)	-0.04% (4 basis points)	+0.04% (4 basis points)	-0.04% (4 basis points)
	$	$	$	$
Cash at bank	417	(417)	4,342	(4,342)
Tax charge at 30% (2013: 30%)	(125)	125	(1,303)	1,303
After tax increase / (decrease)	292	(292)	3,039	(3,039)

Significant assumptions used in interest rate exposure sensitivity analysis:

(i) Reasonable possible movements in interest rates were determined based on the current levels of debt, relationships with financial institutions and economic forecaster's expectations

(ii) The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.

Note 26: Key Management Personnel Disclosures

	CONSOLIDATED	
	2014	2013
	$	$
(a) Compensation		
Short-term employee benefits	**388,633**	340,194
Post-employment benefits	**17,634**	12,751
	406,267	352,945

Further information regarding the identity of key management personnel and their compensation can be found in Audited Remuneration Report.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	2014	2013
	$	$

Note 26: Key Management Personnel Disclosures (continued)

(b) Aggregate loans from KMP to the Group

	CONSOLIDATED	
	2014	2013
	$	$
Balance at beginning of the year	**(971,695)**	(2,819,295)
Loans from KMP to the Group	**(500,000)**	-
Repayment	**1,268,328**	1,847,600
Balance at end of year	**(203,367)**	(971,695)
Representing:		
-Continuing operations	**(203,367)**	(971,695)
-Discontinued operations	**-**	-
	(203,367)	(971,695)

(c) Aggregate loans from the Group to KMP

Balance at beginning of the year	**-**	-
Funds KMP received on behalf of Group	**2,000,000**	-
Funds paid by KMP to Group	**(670,000)**	-
Balance at end of year	**1,330,000**	-

In December 2014 a third party paid $2million for a 8.16% shareholding of Venus. The $2million was paid to Yinan Zhang on behalf of the Group. Yinan Zhang transferred $670,000 of these funds to the group prior to year end. Subsequent to the year-end Mr Zhang has fully transferred the remaining balance to the Group before the date of this report signed.

The funds were paid to the Group via Mr Zhang to facilitate the transfer of funds out of China. No interest was paid by Mr Zhang for the period he held the funds.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	2014	2013
	$	$

Note 27: Related Party Transactions

(a) Subsidiaries and associate

Interests in subsidiaries and associate are disclosed in note 18 and note 19.

	2014 $	2013 $
(b) Loans from other related parties		
Balance at beginning of the year	(233,727)	(233,727)
Loans advanced	-	-
Repayments made to other related parties	-	-
Balance at end of year	(233,727)	(233,727)

All loans from other related parties are interest free, unsecured and are payable on demand. All loans from other related parties are with continuing operation in Australia.

	2014 $	2013 $
(c) Loans from associates		
Balance at beginning of the year	**-**	**(5,000,000)**
Loans transferred out due to lose of significant influence of associate	**-**	**5,000,000**
Balance at end of year	**-**	**-**

(a) In 2013 following the disposal of the Group's ownership interest in U&D on 13 November 2013, U&D is not accounted for as an Associate and the loan has been transferred out of Loans from associates, shown above.

All loans from associates are interest free, unsecured and are payable on demand. All loans from associates are with continuing operation in Australia.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 28: Cash Flow Information

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Reconciliation of the profit after tax to the net cash flows from operations:		
(Loss)/profit for the year	**(14,963,252)**	1,064,486
Depreciation of non-current assets	**519,714**	28,612
Loss on disposal of property, plant and equipment	**2,377,717**	1,299
Gain on disposal of associates	**-**	(8,370,102)
Share of loss of associates accounted for using the equity method	**-**	2,223,694
Changes in Operating Assets and Liabilities:		
Decrease in trade and other receivables	**6,844,200**	37,356
Increase in inventory	**(1,344,360)**	(2,613,924)
Decrease/(increase) in other assets	**459,758**	(547,932)
Increase in trade and other payables	**953,071**	216,975
Increase in other liabilities	**17,397**	15,255
(Decrease)/increase in income tax liabilities	**(1,818,202)**	2,833,001
Net cash flow used in operating activities	**(6,953,957)**	(5,111,280)

Non-cash financing

Acquisition of plant and equipment by means of finance leases	**73,790**	-

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Note 29: Commitments and Contingencies		
Capital commitments		
Continuing Operation		
Property, plant and equipment	**-**	1,200,000
Exploration and evaluation assets	**-**	8,387,000
	-	9,587,000
Non-cancellable operating leases		
Continuing Operation		
As lessee		
Payable within one year	**1,711,720**	1,078,701
Later than 1 year but not later than 5 years	**4,076,411**	3,004,302
	5,788,131	4,083,003
As lessor		
Receivable within one year	**-**	151,027
Later than 1 year but not later than 5 years	**-**	-
	-	151,027

The continued operation of the Group leases various premises under non-cancellable operating leases expiring between 1 to 5 years. All leases have annual CPI escalation clauses. The above amounts do not include amounts for any renewal options on leases. Lease terms usually run for 1 to 5 years with a 1 to 5 year renewal option.

Finance lease - non-cancellable		
Payable within one year	**13,366**	-
Later than 1 year but not later than 5 years	**67,665**	-
Total future minimum lease payments	**81,031**	-
Total future finance charges	**(9,506)**	-
Lease liabilities	**71,525**	-
Lease liabilities are represented in the financial statements as follows:		
Current (note 21)	**8,599**	-
Non-current (note 21)	**62,926**	-
	71,525	-

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 29: Commitments and Contingencies (continued)

Future Exploration

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

The commitments to be undertaken are as follows:		
Payable within one year	**1,645,000**	-
Later than 1 year but not later than 5 years	**1,910,000**	-
	3,555,000	-

To keep the exploration permits in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met the Group has the option to negotiate new terms or relinquish the tenements. The Group also has the ability to meet the expenditure requirements by joint venture or farm-in agreements.

Note 30: Parent entity financial information

The following information relates to the parent entity Australia New Agribusiness & Chemical Group Ltd. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1.

	Parent	
	2014	**2013**
	$	**$**
Current asset	**1,256,095**	19,961,897
Non-current assets	**40,891,272**	25,675,835
Total assets	**42,147,367**	45,637,732
Current liabilities	**16,982,559**	11,656,874
Non-current liabilities	**331,914**	-
Total liabilities	**17,314,473**	11,656,874
Contributed equity	**36,615,243**	36,615,244
Accumulated losses	**(11,782,349)**	(2,634,386)
Total equity	**24,832,894**	33,980,858
(Loss)/profit for the year	**(9,147,963)**	13,555,361
Total comprehensive (loss)/ income for the year	**(9,147,963)**	13,555,361

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 30: Parent entity financial information (continued)

Guarantees in relation to subsidiaries

Australia New Agribusiness & Chemical Group Ltd does not provide any guarantee to its subsidiaries as at 31 December 2014 (2013: Nil).

Contingent liabilities

Australia New Agribusiness & Chemical Group Ltd does not have any contingent liabilities in 2014 (2013: Nil).

Capital Commitments

Australia New Agribusiness & Chemical Group Ltd does not have any contractual commitments to acquire property, plant & equipment in 2014 (2013: Nil).

Note 31: Subsequent Events

Agreement between Golden Globe/ Kunlun and ANB

Included in other receivables is $7,452,000 representing the outstanding consideration on the disposal of U&D Mining Industry (Australia) Pty Ltd ('U&D'). $3,800,000 is owed from China Kunlun International Holding Limited ("Kunlun") and $3,652,000 is owed from Golden Globe Energy Limited ("Golden Globe").

Under the terms of a Deed of Amendment signed on 6 December 2013 these amounts were due within 30 days of U&D's successful listing on the ASX, unless extended to a later date as agreed between the parties in writing. U&D listed on 19 February 2014, however U&D has been suspended one month after its listing. Kunlun and Golden Globe believe their investment interests have been affected by this fact. Therefore, the Company has entered a Deed of Amendment signed on 12 January 2015 with the following conditions:

- Kunlun and Golden Globe, as legal owners of Shares in U&D, provides security to the Company over 40,000,000 Shares in U&D to secure the balance payment due by them.;
- Both parties agree that the shares shall be transferred to the Company if the U&D does not satisfy ASX Decision to be re-listed on ASX by 30 June 2015;
- Those two parties have the right to choose to pay the balance payment amounts to the Company or choose to transfer the Shares to the Company once U&D is successfully re-listed on ASX by 30 June 2015.

NOTES TO THE CONSOLIDATED FINANICAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note 31: Subsequent Events (continued)

Agreement between U&D and ANB

The Company and U&D Mining Industry (Australia) Pty Ltd entered into a Repayment Plan Agreement on 10 January 2014 under which the Company agreed to repay a loan of $5,000,000 to U&D by 31 December 2014. On 27 February 2015 the two parties entered into a Deed of Waiver and Restatement of Loan Terms. The new terms of the loan agreement are as below:

- The company must pay U&D:
  - $2,500,000 (as payment on account of Principal) plus $121,917.81 (as payment on account of Interest) on or before 31 March 2015; and
  - the remaining amount owing to U&D on or before 20 June 2015.

- The loan is secured over all proceeds of book debts, invoices, ledgers, records and any other items which relate to the sale of inventory received or transacted by Apollo Fertiliser Queensland Pty Ltd from 27 February 2015.

Exclusive Sale Agreement between Venus and Uniphos

In February 2015, the Company via its subsidiary company, Australia Venus Resource Pty Ltd ("Venus"), entered into an Exclusive Sale Agreement with Uniphos Co. Limited ("Uniphos") for Venus to supply its phosphate rock to Uniphos.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, or the results of those operations.

Note 32: Company Details

(a) Registered Office and Principal Place of Business for continuing operation

Suite G1, 12 Electronics Street, Eight Mile Plains QLD 4113, Australia

Note 33: Changes of results from 4E

On 28 February 2015 the Group announced to the market its preliminary financial results for the financial year ended 31 December 2014 for a loss of $15,311,222. The audited profit after income tax of the Group for relevant period was a loss of $14,963,252, $347,969 lower than the preliminary financial results. The change represented 2% of the final financial results and was caused by adjustment in R&D incentive.

DECLARATION BY DIRECTORS

The directors of the company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the Corporations Act 2001 and:

    (a) comply with Accounting Standards and the Corporations Regulations 2001; and

    (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date.

2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

3. 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.

4. The remuneration disclosures included in pages 10 to 15 of the directors' report (as part of audited Remuneration Report), for the year ended 31 December 2014, comply with section 300A of the *Corporations Act 2001.*

5. The directors have been given the declarations by the chief executive officer of and chief financial officer required by section 295A.

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

Date: 31 March 2015

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Australia New Agribusiness & Chemical Group Ltd

Report on the Financial Report

We have audited the accompanying financial report of Australia New Agribusiness & Chemical Group Ltd, which comprises the consolidated statement of financial position as at 31 December 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 year then ended, 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Australia New Agribusiness & Chemical Group Ltd is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(c) in the 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 of the consolidated entity to meet its forecast revenue targets. These conditions, along with other matters as set out in Note 1(c), 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 15 of the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Australia New Agribusiness & Chemical Group Ltd for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO

A J Whyte
Director

Brisbane, 31 March 2015

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

NEW AGRIBUSINESS & CHEMICAL

Corporate Information

Directors	Mr. Jun Xiao (Non-Executive Chairman) Mr. Yinan Zhang (Managing Director) Mr. Kai Cheng (Non-Executive Director) Mr. Yiming Cui (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	P O Box 4745 Eight Mile Plains, Brisbane QLD 4113
Principal Places of Business in Australia	Suite G1, 12 Electronics Street, BTP Eight Mile Plains, Brisbane QLD 4113
Bankers	Bank of China Limited, Brisbane Branch Level 7, 307 Queen St, Brisbane, QLD 4000 China Construction Bank, Sydney Branch Suite 33.01, 126 Phillip Street, Sydney NSW 2000 Commonwealth Bank of Australia, Sunnybank Branch Shop 70, Sunnybank Plaza, Cnr Mains & Mccullogh Rds, Sunnybank, QLD 4109 ANZ, Queen Street Branch, Level 1, 324 Queen Street, Brisbane, QLD 4000
Share Register	Computershare Investor Services Limited 117 Victoria St, West End Brisbane QLD 4101
Auditors	BDO Audit Pty Ltd Level 10, 12 Creek St Brisbane QLD 4000
Internet Address	www.newagribusiness.com.au (English Website)