AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES

ABN 74 142 976 065

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NEW AGRIBUSINESS & CHEMICAL

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FOR THE YEAR ENDED 31 DECEMBER 2015

NEW AGRIBUSINESS
& CHEMICAL

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 2015.

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)
Mr Yiming Cui (Non-executive director)
Mr James Naiming Li (Non-executive director)
Mr Kai Cheng (Non-executive director)

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. Those activities are carried out through its subsidiary, Apollo Fertiliser Queensland Pty Ltd.

The Group also owns phosphate tenements via Australia Venus Resource Pty Ltd ('Venus') who aims to produce rock phosphate. The phosphate mine's test pit started in August 2015 with the intention to expand to full production of 600,000 tonnes per annum in 2016. Venus also has 11 exploration tenements in Queensland. The Group lost its control in Venus in December 2015, Venus then became an associate company of the Group. Based on the agreement between the Group and Baina Enterprises Limited ('Baina'), the Group intends to dispose of the remaining 49% interest in Venus.

The Group also continued its operation in 2015 in glass processing through another wholly owned subsidiary, Australia Mercury Glass Pty Ltd ('Mercury Glass'). Subsequent to balance date this operation was sold.

Financial Performance

The Company incurred a loss of $8,766,027 in 2015 from its continuing operations, compared to a loss of $14,874,601 from its continuing operations in 2014.

The decreased loss in 2015 is mainly due a combination of the following factors:

- in 2014 the Group incurred a loss on disposal of two properties amounting to $2,354,898;
- in 2014 a provision was raised for $7,452,000 owed from the disposal the Group's 49% interest in U&D Mining Industry (Australia) Pty Ltd (U&D). This was a one off impairment expense in 2014. The balance was written off in 2015 since this balance was unable to be recovered ;

Directors' Report (continued)

Financial Performance (continued)

- in 2015 the Australian Taxation Office granted a tax credit of $2,226,785 arising from the $7,452,000 provision provided in 2014;
- in 2015 a loss of $1,677,455 was incurred on reducing the Group's equity holding interests in its subsidiary, Venus. Venus became the Group's associate after the transaction;
- in 2015 the carrying value of machinery was written down to its recoverable amount, resulting in an impairment of $2,537,790;
- in 2015 a loss of $1,061,140 was incurred as a result of writing down the carrying value of phosphate tenements to their fair value.

Dividends

No dividends were proposed for the current financial year (2014: Nil).

Subsequent Events

Agreement between Baina Enterprises Limited and ANB

The Company and Baina Enterprises Limited (Baina) entered into a Memorandum Of Understanding on 2 February 2016 under which the Company agreed to issue 310,000,000 new shares to Baina's existing shareholders which is 59.5% of the Company's total shares. The final details are yet to be determined.

- The Company has to achieve nil liabilities before April 2016. Non-fertiliser subsidiaries of the Company including Australia Mercury Glass Pty Ltd and Australia Venus Resource Pty Ltd have to be disposed before April 2016. Australia Mercury Glass Pty Ltd has been disposed on 15 March 2016 for the total consideration of $1,000,000 plus the stock value.

- Baina has to achieve nil liabilities and the cash balance has to be no less than 20 million Australian Dollars before March 2016. Baina also guarantees that no less than 300,000 tons fertiliser distribution binding agreements have to be secured before the restructure.

There have been initial discussions with potential buyers for the Group's shareholding in Venus; however, no agreement has yet been reached. Whilst the deadline for disposing of Venus outlined in the agreement is unlikely to be met, management are still committed to the deal and will be meeting with Baina in April with the intention of extending the deadline for disposal.

Directors' Report (continued)

Subsequent Events (continued)

Agreement between U&D and ANB

The Company and U&D Mining Industry (Australia) Pty Ltd entered into an Updated Repayment Plan Agreement on 18 January 2016 under which the Company agreed to repay the outstanding loan of $2,300,000 to U&D by 31 March 2016. The new terms of the loan agreement are as below:

- The Company has paid U&D:
  - $500,000 (as payment on account of Principal) on 19 January 2016;
  - $500,000 (as payment on account of Principal) on 19 February 2016; and

- The remaining amount plus interest owing to U&D will be paid on or before 30 April 2016.

- 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.

Disposal of Australia Mercury Glass Pty Ltd

Australia Mercury Glass Pty Ltd's property, plant and equipment and inventory was disposed of on 15 March 2016 for total consideration of $1,000,000 plus the stock value. The first payment of $500,000 has been received on completion. $250,000 plus 50% of the stock value will be received on or before 30 June 2016 and the balance will be received on or before 30 December 2016.

Loan Agreement between ANB and Kaizen Global Investments Limited (Kaizen)

ANB and Kaizen reached agreement in December 2015 and Kaizen will advance to ANB in cleared and immediately available funds:

- $5,000,000 was received when the agreement was executed in 2015;
- $2,000,000 to be received 5 business days after receipt by ANB of the final drawdown notice. The date for receiving the $2,000,000 final drawdown has been consensually extended, with a date to be fixed.

The interest rate for the loan is 7.5% based on a 365 day year and accrues daily. ANB must pay all accrued interest and the principal on 1 June 2016. Kaizen mortgages the mortgaged property which is the 49% of the issued share capital of Australia Venus Resource Pty Ltd hold by New Agri to Kaizen.

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.

Directors' Report (continued)

Significant Changes in State of Affairs

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

By the end of December 2015, third party investment invested in Australia Venus Resource Pty Ltd ("Venus") $12.495 million to hold 51% of the shareholding of Venus, therefore, Venus became an associate of the Group. Details of the reduction interests in Venus are disclosed in note 19 (a).

Mercury Glass' property, plant and equipment and inventory were held for sale at 31 December 2015. The sale was completed on 15 March 2016.

The Group received $5m loan from Kaizen Global Investment Ltd in December 2015. The Group's 49% shareholdings in Venus was pledged as security for this borrowing.

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.

Review of Operations

In 2015 Venus became an associate of the Group to continue the phosphorus exploration project in North Queensland. In December 2015, all tenement rights have been applied to transfer from Australia New Agribusiness & Chemical Group Ltd to Venus. It is expected the transfer process will be completed in March 2016. Venus has also completed a 30,000 tonne mining trial, and has obtained a permit for 600,000 tonnes of annual production.

Apollo Fertiliser has continued production during 2015 and has expanded on its line of fertilisers, in order to better cover a variety of agricultural products in a larger area. The Company has taken on two more consultants in its sales team, in order to widen its customer base. The Company's sales network now span from Rockhampton in Queensland to Armidale, NSW.

The product line has been well-received by the market, with a large volume of sales of its NuTrio™ Complete product, as well as its range of broadacre fertilisers. Changes made to the formula – such as materials used for binding agents – has greatly improved the product's performance.

Mercury Glass had a successful year in 2015, with a significant increase in sales and its scale of production. It achieved $4.1 million in sales over the year.

Directors' Report (continued)

Outlook and Prospects for 2016 – Likely Developments and Expected Results

2016 is an important year for New Agri Group. Our managerial team is well aware of the difficulties currently facing the Company, and in order to recoup the losses in the past year, we will tackle the year ahead with a new strategy. We hope this will increase our profits and provide better returns for our shareholders.

Following interest from Baina Enterprises Pty Ltd, Australia New Agribusiness & Chemical Group Ltd has entered into memorandum of understanding with the Company, which is intended to open up more channels for the sale of fertiliser. In addition to the existing infrastructure, the Company intends to establish warehousing in North Queensland, as well as expand its product lines from its existing compound fertiliser to include traditional granular formulas and common blends. It is expected sales volume will increase in 2016 from its 2015 levels.

It is anticipated full production will begin for Venus by May of 2016. The sale of phosphate rock is expected to begin in the same period, with an estimated volume of 50,000 tonnes per month.

The Company is expecting to see steady returns on its investments during 2016 and through to 2017.

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 People's Republic of China ('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 until 31 July 2014.

Directors' Report (continued)

Director Information (continued)

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

Experience

- Mr Cui has a 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 Chinese companies seeking investments in the mineral and resources sector. He is currently a non-executive director of 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.

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 a variety of work experience ranging from Administration, Translation & Interpreting to Business Management
- She is a member of the Chartered Secretaries Australia.

Interest in Shares

Nil

Special Responsibilities

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

Meetings of Directors

During the financial year, nine 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	9	9	2	2	-	-
Mr Jun Xiao	9	8	-	-	-	-
Mr Yiming Cui	9	8	-	-	-	-
Mr James Naiming Li	9	9	2	2	-	-
Mr Kai Cheng	9	9	-	-	-	-

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.

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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 individuals.

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. The 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 2015 or 2014 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 executive's 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 2015 or 2014 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 five years for the Group. There was no bonus paid to the key management personnel in 2015 or 2014. 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 table below shows the results for the previous 5 years.

From continuing and discontinued operations	2015	2014	2013	2012	2011
Revenue	6,763,969	3,402,485	346,861	931,070	25,118,612
(Loss)/Gain on disposal of subsidiaries	(1,677,455)	-	-	13,156,828	-
Gain on disposal of associate	-	-	8,370,102	-	-
Net (loss)/profit	(9,115,418)	(14,963,252)	1,064,486	10,790,455	(22,774,569)
Dividends	-	-	-	-	-
Share price at year end (cents)	4	10	24	28	25
Total KMP Remuneration	405,860	406,267	352,945	248,084	351,382

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
Directors	
Mr Jun Xiao	Director – Chairman
Mr Yinan Zhang	Managing Director
Mr Yiming Cui	Director - Non-executive
Mr James Naiming Li	Director - Non-executive
Mr Kai Cheng	Director - Non-executive

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 2015

	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	188,000	-	-	17,860	-	-	205,860
Mr Yiming Cui	50,000	-	-	-	-	-	50,000
Mr James Naiming Li	50,000	-	-	-	-	-	50,000
Mr Kai Cheng	50,000	-	-	-	-	-	50,000
Total	388,000	-	-	17,860	-	-	405,860

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 2015 financial year.

Directors' Report (continued)

Remuneration Report – Audited (continued)

3. Details of Remuneration (continued)

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 2015 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 2015 $	Share split Benefits/Other $	Other changes $	Annual & Long Service Leave $	Balance at 31 December 2015 $
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

	2015 $	2014 $
Balance at beginning of the year	(203,367)	(971,695)
Loans from KMP to the Group	-	(500,000)
Repayment	-	1,268,328
Balance at end of year	(203,367)	(203,367)

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

6. Loans from the Group to KMP

	2015 $	2014 $
Balance at beginning of the year	1,330,000	-
Funds KMP received on behalf of Group	-	2,000,000
Funds paid by KMP to Group	(1,330,000)	(670,000)
Balance at end of year	-	1,330,000

During December 2014, a third party paid $2 million for an 8.16% shareholding of Venus. The $2 million was received by Yinan Zhang on behalf of the Group. Yinan Zhang transferred the outstanding balance at 31 December 2014 of $1,330,000 to the Group in 2015.

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 2015 or 31 December 2014.

8. Share Based Payment Bonuses

No share based payment bonuses were paid or vested during the year ended 31 December 2015 or 31 December 2014.

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 2015 or the year ended 31 December 2014.

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 2015 or 31 December 2014 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

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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 $23,150 (2014: $23,475) in respect of a contract insuring directors and secretaries 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, no fees for non-audit services were paid or payable to the auditor, BDO Audit Pty Ltd, or their related entities (2014: Nil).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2015 has been received and can be found on page 18 of the financial report.

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 31th day of March 2016

Auditor's Independence Declaration

BDO

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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 2015, 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 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	CONSOLIDATED 2015 $	2014 $
Revenue from continuing operations	3	**2,629,016**	368,863
Cost of sales		**(3,023,648)**	(306,786)
Gross (loss)/profit		**(394,632)**	62,077
Other income	4	**-**	417,801
Distribution expenses		**(74,300)**	(20,212)
Marketing expenses		**(208,252)**	(109,667)
Administration expenses		**(3,563,316)**	(3,567,642)
Occupancy expenses	5	**(1,363,165)**	(1,134,987)
Finance costs	5	**(158,811)**	(404,758)
Other expenses	5	**(1,678,356)**	(2,378,188)
Impairment of assets	5	**(3,598,930)**	(7,797,317)
Share of loss of associates accounted for using the equity method	20(c)	**(11,691)**	-
Loss before income tax expense from continuing operations		**(11,051,453)**	(14,932,893)
Income tax expense	6	**2,285,426**	58,292
Loss from continuing operations		**(8,766,027)**	(14,874,601)
Loss from discontinued operations, net of tax	9	**(349,391)**	(88,651)
Loss for the year		**(9,115,418)**	(14,963,252)
Total comprehensive loss for the year		**(9,115,418)**	(14,963,252)
Loss for the year is attributable to			
Owners of Australia New Agribusiness & Chemical Group Ltd		**(8,894,896)**	(11,875,606)
Non-controlling Interest		**(220,522)**	-
		(9,115,418)	(11,875,606)
Total comprehensive loss for the year is attributable to			
Owners of Australia New Agribusiness & Chemical Group Ltd		**(8,894,896)**	(14,963,252)
Non-controlling Interest		**(220,522)**	-
		(9,115,418)	(14,963,252)

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 2015

		CONSOLIDATED	
	Note	**2015**	**2014**
	7	**Cents**	**Cents**
Earnings per share for loss from continuing operations			
Basic earnings per share		**(4.05)**	(7.05)
Diluted earnings per share		**(4.05)**	(7.05)
Earnings per share for loss from discontinued operations			
Basic earnings per share		**(0.17)**	(0.04)
Diluted earnings per share		**(0.17)**	(0.04)
Earnings per share for loss for the year			
Basic earnings per share		**(4.21)**	(7.09)
Diluted earnings per share		**(4.21)**	(7.09)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	CONSOLIDATED 2015 $	2014 $
ASSETS			
Current assets			
Cash and cash equivalents	11	642,287	1,043,095
Short-term deposits with maturity over three months	12	39,524	422,673
Trade and other receivables	13	1,523,154	1,991,247
Inventories	14	1,794,975	3,958,286
Income tax credit	6	2,224,675	-
Other assets	15	171,885	244,099
		6,396,500	7,659,400
Assets classified as held for sale	9	1,435,148	-
Total current assets		7,831,648	7,659,400
Non-current assets			
Property, plant and equipment	16	2,061,630	6,341,285
Guarantee deposits	17	1,593,343	1,407,969
Other assets	15	142,500	57,357
Exploration and evaluation assets	18	-	13,840,345
Investments in associates accounted for using the equity method	20	11,990,859	-
Total non-current assets		15,788,332	21,646,956
Total assets		23,619,980	29,306,356
LIABILITIES			
Current liabilities			
Trade and other payables	21	2,547,811	2,206,821
Borrowings	22	10,411,581	5,008,599
Current tax liabilities	6	-	1,779,085
Other liabilities		135,552	32,652
Total current liabilities		13,094,944	9,027,157
Non-current liabilities			
Borrowings	22	76,096	62,926
Income tax liabilities	6	-	331,914
Total non-current liabilities		76,096	394,840
Total liabilities		13,171,040	9,421,997
Net assets		10,448,940	19,884,359

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2015

EQUITY			
Contributed equity	**23**	**36,615,244**	36,615,244
Reserves	**24**	**-**	1,840,000
Accumulated losses		**(26,166,304)**	(18,730,885)
Capital and reserves attributable to owners of Australia New Agribusiness & Chemical Group Ltd		**10,448,940**	19,724,359
Non-controlling interest	**25**	**-**	160,000
Total equity		**10,448,940**	19,884,359

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 2015

	Attributable to owners of Australia New Agribusiness & Chemical Group Ltd					
	Contributed Equity	Reserves	Retained Earnings/ (Accumulated losses)	Total	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 Change in Equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of Australia New Agribusiness & Chemical Group Ltd					
	Contributed Equity	**Reserves**	**Retained Earnings/ (Accumulated losses)**	**Total**	**Non-controlling Interests**	**Total Entity**
CONSOLIDATED	**$**	**$**	**$**	**$**	**$**	**$**
At 1 January 2015	36,615,244	1,840,000	(18,730,885)	19,724,359	160,000	19,884,359
Total comprehensive income for the year						
Loss for the year	-	-	(8,894,895)	(8,894,895)	(220,522)	(9,115,417)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-		(8,894,895)	(8,894,895)	(220,522)	(9,115,417)
Transactions with non-controlling interests						
Contributions of equity, net of transaction costs	-	(380,524)	-	(380,524)	5,380,524	5,000,000
Transaction s with Non-controlling interest		(1,459,476)	1,459,476	-	(5,320,002)	(5,320,002)
Total transactions with owners in their capacity as owners	-	(1,840,000)	1,459,476	(380,524)	60,522	(320,002)
At 31 December 2015	**36,615,244**	**-**	**(26,166,304)**	**10,448,940**	**-**	**10,448,940**

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 2015

	Note	CONSOLIDATED 2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**6,319,062**	3,012,808
Payments to suppliers and employees		**(9,741,585)**	(8,737,093)
Interest received		**195,184**	116,941
Interest paid		**(25,258)**	(71,173)
Income tax paid		**(2,108,889)**	(1,324,343)
R&D tax incentive received		**-**	48,903
NET CASH USED IN OPERATING ACTIVITIES	**29**	**(5,361,486)**	(6,953,957)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		**(530,612)**	(1,644,698)
Proceeds on disposal of property, plant & equipment		**181**	7,297,954
Payments for exploration and evaluation assets		**(3,550,633)**	(9,226,324)
Decrease / (Increase) in term deposits with maturity over three months		**137,556**	(44,099)
Loans to third parties		**(58,081)**	-
Loan repaid by third parties		**-**	1,000,000
NET CASH USED IN INVESTING ACTIVITIES		**(4,001,589)**	(2,617,167)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**9,902,050**	73,790
Repayment of borrowings		**(2,700,000)**	(180,813)
Payment of finance lease liabilities		**(13,587)**	-
Transactions with non-controlling interests		**6,330,000**	670,000
Loan from related parties		**-**	250,000
Repayment of loan from related parties		**(4,555,000)**	(1,058,122)
Cash outflow on loss of control of subsidiary		**(1,196)**	-
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		**8,962,267**	(245,145)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(400,808)**	(9,816,269)
Cash and cash equivalents at beginning of the year		**1,043,095**	10,859,364
CASH AND CASH EQUIVALENTS AT END OF YEAR	**11**	**642,287**	1,043,095

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 2015

The consolidated financial statements of Australia New Agribusiness & Chemical Group Ltd for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 31 March 2016, which covers Australia New Agribusiness & Chemical Group Ltd as a consolidated entity consisting of Australia New Agribusiness & Chemical Group Ltd ("the parent company" or "the 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 these 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 been prepared on a historical cost basis except for non-current assets and disposal groups held-for-sale which 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 these financial statements. The accounting policies have been consistently applied, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2015 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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 31, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015

Note 1: Summary of significant accounting policies (continued)

c) Going concern

The consolidated entity incurred a net loss of $9,115,418 for the year ended 31 December 2015. As at 31 December 2015 the consolidated entity has cash reserves of $642,287, a net current asset deficit of $5,263,296 and net assets of $10,448,940.

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

- the ability of the Group to sell its 49% interest in Venus;
- the ability of the Group to meet its forecast sales volumes of fertilizer; 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:

- A buyer is in the process of being sought for the Venus shareholding and it is expected that a buyer will be found shortly;
- The agreement entered into with Baina Enterprises Limited is expected to assist Apollo Fertiliser achieving the required sales volumes;
- The Group has the ability to drawdown on additional loans totalling $2m; and
- 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 2015

Note 1: Summary of significant accounting policies (continued)

d) Non-current assets classified as held for sale and discontinued operations

Non-current assets classified as held for sale are those assets whose carrying amounts will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. These assets are stated at the lower of their carrying amount and fair value less costs to sell and are not depreciated or amortised. Interest expenses continues to be recognised on liabilities of a disposal group classified as held for sale.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for subsequent increases in fair value less costs to sell of an asset but not exceeding any cumulative impairment losses previously recognised.

A discontinued operation is a component of the group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in profit or loss.

e) 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 1: Summary of significant accounting policies (continued)

f) 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.

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.

g) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 1: Summary of significant accounting policies (continued)

g) Income tax (continued)

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.

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.

h) 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.

i) 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.

j) 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 2015

Note 1: Summary of significant accounting policies (continued)

k) 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.

l) Inventories

Raw materials, work in progress and finished goods

Inventories are stated at the lower of cost and net realisable 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 realisable value is the estimated selling price in the ordinary course of business, less the estimated selling cost of completion and selling expenses.

m) 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 2015

Note 1: Summary of significant accounting policies (continued)

m) Financial instruments (continued)

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 2015

Note 1: Summary of significant accounting policies (continued)

n) 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.

o) 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 or in the case of leasehold improvements, the shorter lease term, as follows:

Assets are depreciated over their useful lives as follows:

Machinery & motor vehicles	8 -15 years
Furniture, fittings and equipment	2-30 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 2015

Note 1: Summary of significant accounting policies (continued)

p) Exploration and evaluation expenditure

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

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

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

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

q) 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.

r) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 1: Summary of significant accounting policies (continued)

s) 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 corporate 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.

t) Contributed equity

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

u) 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.

u) Goods and services tax (GST) (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 1: Summary of significant accounting policies (continued)

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

v) 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.

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.

w) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

x) 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

As at 31 December 2014, 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 was owed from China Kunlun International Holding Limited and $3,652,000 was owed from Golden Globe Energy Limited. Due to the uncertainty at 31 December 2014 regarding whether this amount was able to be recovered, a provision was provided for the total receivable of $7,452,000 at 31 December 2014.

x) Critical accounting estimates & judgements (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 1: Summary of significant accounting policies (continued)

Recoverability of other receivables (continued)

In 2015, the management confirmed this balance was unable be recovered, therefore, the Group wrote off the total balance of $7,452,000. Refer to Note 13 for more information.

Impairment of non-financial assets

The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Tenements

Fair value has been determined based on the fair value of the investment from the other parties in Venus.

Property, Plant and Equipment

The recoverable amount of Apollo's property, plant and equipment was determined by independent valuers, PricewaterhouseCoopers, to be $1.7million. Fair value was estimated by reference to the cost of the plant and equipment and applying a discount for under utilisation of the plant and equipment.

Income taxes

The Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the subsidiaries within the tax consolidation group against which the unused tax losses can be utilised. In addition, the Group has not recognised deferred tax assets in excess of the deferred tax liabilities because it is not currently probable that future taxable profit will be available against which the Group can utilise these benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 1: Summary of significant accounting policies (continued)

x) 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 2015. They have not been adopted in preparing the financial statements for the year ended 31 December 2015 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 2014)	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.	Annual reporting periods beginning on or after 1 January 2018	Adoption of AASB 9 is only mandatory for the year ending 31 December 2018 year end. The Group has not yet made an assessment of the impact of these amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 1: Summary of significant accounting policies (continued)

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

Standards likely to have a financial impact (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 15 (issued December 2014)	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 2018	The Group has not yet made a detailed assessment of the impact of this standard.
AASB 16 (issued February 2016)	Leases	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 *Leases*. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	Annual reporting periods beginning on or after 1 January 2019.	Due to the recent release of this standard, the Group 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 2015

Note 1: Summary of significant accounting policies (continued)

y) 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 2015-2 (issued January 2015)	Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101	Amends AASB 101 *Presentation of Financial Statements* to clarify that: - Materiality applies to all primary financial statements and notes, and applies even to a list of specific, minimum disclosures - Line items can be disaggregated if doing so could influence a user's decision - Subtotals must be made up of items recognised in accordance with Australian Accounting Standards - Additional subtotals in the Statement of Profit or Loss and Other Comprehensive Income must be reconciled back to subtotals required by AASB 101 - Notes no longer need to follow the order of items in the financial statements and related items can be grouped together (e.g. all financial instruments) - Accounting policies can be placed at the end of the notes to the financial statements - Share of other comprehensive income of associates and joint ventures must be separately classified into amounts that will be reclassified to profit or loss in future, and amounts that will not be reclassified to profit or loss in future.	Annual reporting periods beginning on or after 1 January 2016	These amendments affect presentation and disclosures only. Therefore on first time adoption of these amendments on 1 January 2016, comparatives will need to be restated in line with presentation and note ordering.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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.

(b) Segment information

For the year ended 31 December 2015 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

Phosphate Tenements: Exploration and evaluation of phosphate tenements which activities were carried out by Venus in 2015

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

31 December 2015	Compound Fertiliser Apollo	Phosphate Tenements	Total Segments	Unallocated Amount	Consolidated Continuing Operations
	$	$	$	$	$
Sales revenue	2,404,140	-	2,404,140	-	2,404,140
Other revenue	-	-	-	224,876	224,876
Total revenue from external customers	2,404,140	-	2,404,140	224,876	2,629,016
Depreciation	332,049	7,626	339,675	184,242	523,917
Interest expense	-	-	-	127,407	134,012
Income tax expense	-	-	-	(2,285,426)	(2,226,785)
Impairment of assets	2,537,790	1,061,140	3,598,930	-	3,598,930
Net (loss)/profit after tax	(6,025,931)	(787,578)	(6,813,509)	(2,301,909)	(9,115,418)
Total assets	5,819,008	11,990,859	17,809,867	5,810,113	23,619,980
include: non-current assets	3,095,332	11,990,859	15,086,191	702,141	15,788,332
Total liabilities	1,004,129	-	1,004,129	12,166,911	13,171,040

NEW AGRIBUSINESS & CHEMICAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 2: Segment Reporting (continued)

(b) Segment information (continued)

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

Phosphate Tenements: Exploration and evaluation of phosphate tenements

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

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

[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 Fertiliser segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 2: Segment Reporting (continued)

(c) Entity-wide disclosures (continued)

Geographic information

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

Major customers

	2015		2014	
	$	**% of total revenue of continuing operations**	**$**	**% of total revenue of continuing and discontinued operations**
Largest customer	**$675,293***	**28%**	650,672**	10%
Second largest customer	**$288,475***	**12%**	-	-

*Revenue derived from compound fertiliser Apollo segment.

** Revenues derived from glass processing segment.

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Note 3: Revenue		
Continuing operation		
Sales revenue	**2,404,140**	122,296
Rental income	**-**	138,823
Interest revenue	**224,876**	107,744
	2,629,016	368,863
Discontinued operation		
Sales	**4,131,169**	3,027,658
Interest revenue	**3,784**	5,964
	4,134,953	3,033,622

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Note 4: Other Income		
Continuing operation		
R&D incentive	-	396,873
Sundry income	-	20,928
	-	417,801
Discontinued operation		
Other income	**5,500**	512
	5,500	512

Note 5: Expenses

Loss from continuing operations before income tax includes the following specific expenses:

	2015 $	2014 $
Depreciation expense		
Buildings	**-**	69,361
Machinery and vehicles	**345,261**	288,145
Furniture, fittings and equipment	**13,303**	11,890
	358,564	369,396
Employee benefits expense	-	
Wages and salaries	**1,809,765**	2,054,899
Defined contribution superannuation	**79,933**	26,442
	1,889,698	2,081,341
Finance costs		
Interest expenses	**127,407**	370,530
Bank fees	**31,404**	34,228
	158,811	404,758
Operating lease expenses – minimum lease payments	**1,363,165**	1,134,987
Net foreign exchange (gain)/loss	**(643)**	741
Net loss on disposal of property, plant and equipment	**-**	2,377,717
Bad and doubtful debts - current receivables	**-**	7,452,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	CONSOLIDATED	
	2015	2014
	$	$
Note 5: Expenses (continued)		
Impairment of assets		
Write-down of machinery to recoverable amount	**2,537,790**	-
Impairment of evaluation and exploration of tenements	**1,061,140**	-
	3,598,930	-
Profit/(loss) from discontinued operations before income tax includes the following specific expenses:		
Write-down of inventories to net realisable value	**-**	345,317
Loss on loss of control of subsidiary	**1,677,455**	-
Buildings	**-**	-
Leasehold improvement	**8,137**	8,115
Machinery and vehicles	**149,491**	134,750
Furniture, fittings and equipment	**7,725**	7,453
	165,353	150,318
Employee benefits expense		
Wages and salaries	**1,227,210**	957,843
Defined contribution superannuation	**132,176**	53,491
	1,359,386	1,011,334
Finance costs		
Interest expenses	**10,162**	-
Bank fees	**6,605**	-
	16,767	-
Operating lease expenses – minimum lease payments	**183,797**	153,376
Net foreign exchange loss	**1,816**	-
Net loss on disposal of property, plant and equipment	**14,711**	-
Impairment of assets		
Write-down of property, plant and equipment to recoverable amount	**411,521**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	CONSOLIDATED	
	2015	2014
	$	$
Note 6: Income Tax Expense		
Major components of income tax expense are:		
Current tax (benefit)/expense		
Current tax (benefit)/expense	**-**	**-**
Adjustments for previous years	**-**	(58,292)
	-	(58,292)
Deferred tax expense		
Origination and reversal of temporary differences	**(2,226,785)***	-
Total income tax (benefit)/expense in profit or loss	**(2,226,785)**	(58,292)

*A provision of $7,452,000 receivables was written off in 2015, which is in relation to the outstanding consideration on the disposal of U&D Mining Industry (Australia) Pty Ltd. Australian Taxation Office granted a tax credit of $2,226,785 arising from the provision written off.

Income tax (benefit)/expense applicable to:		
Continuing operations	**(2,285,426)**	(58,292)
Discontinued operations	**58,641**	-
	(2,226,785)	(58,292)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	CONSOLIDATED	
	2015	2014
	$	$
Note 6: Income Tax Expense (continued)		
Reconciliation		
Loss from continuing operations before income tax expense	**(11,051,453)**	(14,932,893)
Loss from discontinued operations before income tax expense	**(290,750)**	(88,651)
Accounting loss before income tax	**(11,342,203)**	(15,021,544)
Tax at the Australian tax rate of 30% (2014: 30%)	**(3,402,661)**	(4,506,463)
Non-taxable income:		
- R&D incentive	**-**	(119,062)
Non-deductible expenses:		
- entertainment	**5,522**	3,025
- R&D expenditure	**-**	231,980
- share of net losses of associates	**3,507**	-
- impairment of tenements	**318,342**	
- other non-deductible expenses	**1,500**	8,252
Deferred tax assets not recognized	**2,766,539**	4,382,268
Utilisation of previously unrecognised deferred assets	**(2,226,785)**	-
Deferred tax assets not recognized for subsidiaries disposed	**235,026**	**-**
Loss of control of subsidiary	**503,237**	**-**
Deductible tax loss on transfer of tenement to associate	**(431,012)**	**-**
Over provision in prior years	**-**	(58,292)
Income tax (benefit)/expense	**(2,226,785)**	(58,292)

	2015	2014
Recognised deferred tax assets		
(i) Unused tax losses	**-**	-
(ii) Deductible temporary differences	**4,679**	**126,002**
	4,679	**126,002**
Recognised deferred tax liabilities		
Assessable temporary differences	**4,679**	**126,002**
	4,679	**126,002**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Net deferred tax recognised	-	-

	CONSOLIDATED	
	2015	**2014**
	$	**$**

Note 6: Income Tax Expense (continued)

Unrecognised temporary differences and tax losses comprise:		
Unused tax losses for which no deferred tax asset has been recognised	**11,989,564**	7,057,546
Provision for impairment of receivable	**-**	7,452,000
Provision for impairment of plant and equipment	**2,949,311**	
Other deductible temporary differences	**593,700**	98,014
Total	**15,532,575**	14,607,560
Potential tax benefit @ 30%	**4,659,773**	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(credit)/ liability		
Current income tax (credit)/ liability	**(2,224,675)**	1,779,085
Non-current income tax liability	**-**	331,914
	(2,224,675)	2,110,999

Note 7: Earnings per Share

(a) Basic earnings per share		
Loss attributable to owners of Australia New Agribusiness & Chemical Group Ltd used to calculate basic earnings per share:		
Loss from continuing operations	**(8,545,505)**	(14,874,601)
Loss from discontinued operations	**(349,391)**	(88,651)
	(8,894,896)	(14,963,252)
(b) Diluted earnings per share		
Loss attributable to owners of Australia New Agribusiness & Chemical Group Ltd used to calculate diluted earnings per share:		
Loss from continuing operations	**(8,545,505)**	(14,874,601)
Loss from discontinued operations	**(349,391)**	(88,651)
	(8,894,896)	(14,963,252)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Note 7: Earnings per Share (continued)		
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 basic 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.

Note 8: Auditor's Remuneration

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

Audit services		
BDO Audit Pty Ltd		
Audit and review of financial statements	94,700	92,940
Total remuneration of BDO	**94,700**	**92,940**

Note 9: Discontinued Operations

In 2015 the Group decided to sell its Glass Processing business and initiated an active program to locate a buyer for its subsidiary, Mercury Glass. On 19 February 2016 the parent company entered into a Bisiness Sale Agreement with General Glass Supplies Pty Ltd. The sale of Mercury Glass was completed on 15 March 2015. The Glass Processing business is reported as a discontinued operation in 2015 financial year.

Financial information relating to the discontinued operation for 2015 financial year and the comparatives for the year ended 31 December 2014 are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 9: Discontinued Operations

	2015	2014
	$	$
Revenue and other income	**4,140,453**	3,034,134
Expenses	**(4,431,203)**	(3,122,785)
Loss before tax from discontinued operations	**(290,750)**	(88,651)
Tax expense	**(58,641)**	-
Profit/(loss) after tax from discontinued operations	**(349,391)**	(88,651)
Cash flow information		
Net cash inflow/(outflow) from operating activities	**13,111**	(504,326)
Net cash outflow from investing activities	**(136,732)**	(1,259,526)
Net cash inflow from financing activities	**86,413**	1,913,403
Net cash (used in)/ generated by discontinued operations	**(37,208)**	149,551

The carrying amount of assets held for sale of the discontinued Glass Processing Business as at 31 December 2015 and 31 December 2014 are as follows:

	2015	2014(*)
	$	$
Inventories	**435,148**	364,451
Property, plant and equipment	**1,000,000**	1,410,924
Total assets classified as held for sale	**1,435,148**	2,633,823

(*)The 2014 information is presented in the format above for information purposes only. The 2014 information related to assets of the discontinued operations are included on the statement of financial position as comparatives consistent with their disclosure in the 2014 financial report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 10: Dividends

No dividend for the year ended 31 December 2015 has been declared or paid to shareholders by the Group (2014: nil). The balance of the franking account based on a tax rate of 30% is $1,239,201 (2014: $3,474,802).

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.

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Note 11: Cash and Cash Equivalents		
Cash on hand	**931**	544
Cash at bank	**641,356**	1,042,551
Cash and cash equivalents	**642,287**	1,043,095

Cash on hand is non-interest bearing. Cash at bank bears a floating interest rate from 0% to 2% (2014: 0%-3.65%).

Concentration of risk by banks		
Commonwealth Bank – S&P Rating of A-1+ (2014: A-1+)	**271,183**	985,640
ANZ Bank – S&P Rating of A-1+ (2014: A-1+)	**5,556**	26,762
Bank of China – S&P Rating of A-1 (2014: A-1)	**2,708**	-
China Construction Bank – S&P Rating of A-1 (2014: A-1)	**361,909**	30,149
	641,356	1,042,551

Reconciliation for the consolidated statement of cash flows		
Cash and cash equivalents at end of year representing		
Continuing operations	**642,287**	1,043,095
Discontinued operations (note 9)	**-**	-
	642,287	1,043,095

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

		CONSOLIDATED 2015 $	CONSOLIDATED 2014 $
Note 12: Other Financial Assets			
Current			
Short-term deposits with maturity over three months		**39,524**	422,673

As at 31 December 2015 the short-term deposits of $39,524 (2014: $422,673) are pledged to obtain corporate credit cards of Australia New Agribusiness & Chemical Group Ltd and bear fixed interest rate at 2.45% (2014: 2.5% - 2.95%).

		2015 $	2014 $
Concentration of risk by banks			
Commonwealth Bank – S&P Rating of A -1+ (2014:A-1+)		**39,524**	200,000
ANZ Bank – S&P Rating of A-1+ (2014: AA-1+)		**-**	222,673
		39,524	422,673
Note 13: Trade and other receivables			
Current			
Trade receivables	(a)	**1,487,019**	611,743
Other receivables	(b)	**36,135**	7,483,195
Allowance for doubtful debts	(b)	**-**	(7,452,000)
		36,135	31,195
Related party receivables			
Loans to key management personnel	(c)	**-**	1,348,309
Total trade and other receivables		**1,523,154**	1,991,247

(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 2015			Year ended 31 Dec 2014		
	Amount not impaired	Amount Impaired	Total	Amount not impaired	Amount Impaired	Total
	$	$	$	$	$	$
Not past due	781,142	-	781,142	347,416	-	347,416
Past due < 3 months	677,269	-	677,269	264,327	-	264,327
Past due > 3 months	28,608	-	28,608	-	-	-
Total	1,487,019	-	1,487,019	611,743	-	611,743

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 13: Trade and other receivables (continued)

As at 31 December 2015, trade receivables of $705,877 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

At 31 December 2014, included in other receivables was $7,452,000 being the outstanding consideration on the disposal of U&D Mining Industry (Australia) Pty Ltd. It was fully impaired at 31 December 2014 due to uncertainty regarding whether this amount could be recovered.

As per the sale agreement, the receipt of the debt was dependant on the successful re-listing of U&D on ASX, as the purchasers (Kunlun and Golden Globe (please use full names)) had the option to settle their debt via cash if the re-listing was successful or returning the purchased shares if the re-listing was unsuccessful.

U&D failed to re-list during the year, thus the Group were entitled to the shares that had previously been sold; however, notification has been received from the purchasers stating that the balance outstanding will not be paid and the shares will also not be returned.

Given U&D have delisted, management believe the value of the shares has fallen to such a level that, even though they are entitled to 40,000,000 shares, the cost of legal action would outweigh the value of the shares the Group are entitled to.

As such, management will not be pursuing the debt, thus it is considered irrecoverable and has been fully written off during the year.

Concentration of credit risk of other receivables

	CONSOLIDATED	
	2015	**2014**
	$	**$**
China Kunlun International Holding Limited	-	3,800,000
Golden Globe Energy Limited	-	3,652,000
Other	**36,135**	31,195
	36,135	7,483,195

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	Note	2015	2014
		$	$

Note 13: Trade and other receivables (continued)

All other receivables are neither past due nor impaired. It is expected that these amounts will be received when due.

(c) Loans to key management personnel

Further information relating to loans to key management personnel is set out in note 27(c).

Note 14: Inventories

	Note	2015 $	2014 $
Current			
Raw materials		**1,129,249**	2,950,614
Finished goods		**533,572**	1,007,672
Work in progress		**132,154**	-
		1,794,975	3,958,286

The cost of inventories recognised as an expense amounted to $5,897,047 (2014: 2,476,166).
No write-downs of finished goods to net realisable value during the current financial year (2014: 345,317).

Note 15: Other Assets

	Note	2015 $	2014 $
Current			
Prepayment to suppliers		**116,736**	45,245
Other assets		**55,149**	198,854
		171,885	244,099
Non-current			
Deposit paid	(a)	**142,500**	**57,357**

(a) Deposit paid represents a deposit in relation to the purchase of plant and equipment.

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Note 16: Property, Plant and Equipment

Leasehold improvements		
At cost	**-**	122,727
Accumulated depreciation	**-**	(8,115)
	-	114,612
Machinery and vehicles		
At cost	**5,165,844**	6,560,107
Accumulated depreciation	**(639,741)**	(434,496)
Impairment	**(2,537,790)**	-
	1,988,313	6,125,611
Furniture, fittings and equipment		
At cost	**82,364**	126,616
Accumulated depreciation	**(29,047)**	(25,554)
	53,317	101,062
Capital works in progress at cost	**20,000**	-
Total property, plant and equipment		
At cost	**5,268,208**	6,809,450
Accumulated depreciation	**(668,788)**	(468,165)
Impairment	**(2,537,790)**	-
	2,061,630	6,341,285

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 16: 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 2014	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**
Additions-continuing operations	-	-	124,793	61,014	220,626	406,433
Additions-discontinued operations	-	-	106,014	-	74,825	180,841
Depreciation expense – continuing operations	-	-	(345,261)	(13,303)	-	(358,564)
Depreciation expense – discontinued operations		(8,137)	(149,491)	(7,725)	-	(165,353)
Disposals – discontinued operations	-	-	(14,892)	-	-	(14,892)
Impairment – continuing operations	-	-	(2,537,790)	-	-	(2,537,790)
Impairment – discontinued operations		(32,780)	(369,790)	(8,951)	-	(411,521)
Transferred out due to loss of control of subsidiary	-	-	(119,525)	(58,656)	(200,626)	(378,807)
Assets classified as held for sale	-	(73,695)	(831,356)	(20,124)	(74,825)	(1,000,000)
31 December 2015	**-**	-	**1,988,313**	**53,317**	**20,000**	**2,061,630**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 17: Other Financial Assets

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Non-current		
Guarantee deposits	**1,593,343**	1,407,969

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 2.00% to 3.30% (2014: 2.95% to 3.30%).

Note 18: Exploration and Evaluation Assets

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Exploration expenditure capitalised		
Balance at the beginning of the year	**13,840,345**	-
Acquisition of tenements during the year	**-**	12,371,000
Exploration expenditure during the year	**3,565,882**	1,469,345
Impairment	**(1,061,140)**	-
Transfer out due to loss control of subsidiary	**(16,345,087)**	-
	-	**13,840,345**

The tenements are held by Venus. Venus ceased being a subsidiary and became an associate company of the Group on 9 December 2015. Refer to Note 19 and Note 20 for more information.

In Venus 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 19: Subsidiaries

Interests in subsidiaries

Information relating to the group's interests in principal subsidiaries at 31 December 2015 is set out below.

Name of entity		*Country of incorporation*	*Ownership interest held by group **	
			2015	**2014**
			%	**%**
Apollo Fertiliser Queensland Pty Ltd		Australia	**100**	100
Australia Mercury Glass Pty Ltd		Australia	**100**	100
Australia Venus Resource Pty Ltd**	(a)	Australia	**49**	91.84

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

a) Reduce 42.84% ownership interest in Australia Venus Resource Pty Ltd

Investments in Venus by Minority Interests

In December 2014, a third party invested in Australia Venus Resource Pty Ltd ("Venus") $2 million to share 8.16% of the shareholding of Venus, and became a minority interest holder of Venus.

From January to November 2015, two third parties and the minority interest holder of Venus invested in Venus $5 million further to share an additional 19.84% of the shareholding of Venus. The minority interest holders held 28% of the shareholding in Venus after those transactions.

Loss of control in Venus

In December 2015, the minority interest holders of Venus invested further $5,495,000 in Venus. The Group lost further 23% of shareholdings in Venus after the completion of this transaction. The Group has determined it no longer has control over Venus and accordingly Venus is not considered to be a subsidiary and became an associate on 9 December 2015. Refer to Note 20 for more information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 19: Subsidiaries (continued)

a) Reduce 42.84% ownership interest in Australia Venus Resource Pty Ltd (continued)

Loss of control in Venus (continued)

The loss on sale of 23% of the Group ownership interest in Venus and loss of control has been calculated as follows:

	2015 $
Fair value of cash consideration received	-
Fair value of retained investment	12,002,550
	12,002,550
Less: Carrying value of former subsidiary's net assets	(19,000,006)
Add: Carrying value of the non-controlling interest	5,320,002
Loss on interest sold and retained investment before income tax	(1,677,454)
Income tax expense	-
Loss on interest sold and retained investment after income tax	**(1,677,454)**

Portion of net loss related to the re-measurement of retained investment to fair value

This amount is calculated as follows:

	2015 $
Fair value of retained investment	12,002,550
Percentage retained of carrying value of Venus	(9,310,003)
Gain on retained investment	**2,692,547**

Net cash flow on disposal of Venus

	2015 $
Consideration received in cash and cash equivalents	-
Less: cash and cash equivalent balances disposed of	(1,196)
	(1,196)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 19: Subsidiaries (continued)

a) Reduce 42.84% ownership interest in Australia Venus Resource Pty Ltd (continued)

The carrying amounts of assets and liabilities as at the date of loss of control (9 December 2015) were:

	09 December 2015 $
Cash and cash equivalents	1,196
Trade and other receivables	7,753,981
Other assets	213,191
Property, plant and equipment	378,808
Exploration & evaluation assets	16,345,087
Total assets	**24,692,263**
Trade and other creditors	26,385
Other liabilities	718,330
Advance from investors	4,947,542
Total liabilities	**5,692,257**
Net assets	**19,000,006**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 20: Investments in associates

Set out below are details of an associate of the Group held during the year ended 31 December 2015 (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*	
		2015	2014	**2015**	2014
		%	%	**$**	$
Australia Venus Resource Pty Ltd	Australia	**49**		**11,990,859**	-

Australia Venus Resource Pty Ltd ('Venus') engages in undertaking and developing phosphate resources and in the downstream production of phosphates and phosphate based products.

b) Movements in carrying amounts

		CONSOLIDATED	
	Note	**2015**	**2014**
		$	**$**
Carrying amount at the beginning of the financial year		**-**	**-**
Additions	19 a)	**12,002,550**	**-**
Share of loss after income tax	20 c)	**(11,691)**	**-**
Carrying amount at the end of the financial year		**11,990,859**	**-**

c) Summarised other financial information of associate

The table below includes summarised financial information of Venus 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 20: Investments in associates (continued)

c) Summarised other financial information of associate (continued)

Summarised statement of financial position

	31 December 2015 $
Current assets	8,425,249
Non-current assets	16,796,736
Total assets	**25,221,985**
Current liabilities	750,842
Total liabilities	**750,842**
Net assets	**24,471,143**

Reconciliation of net assets to carrying amount

	31 December 2015 $
Closing net assets	24,471,143
Group's share %	49%
Group's share $	11,990,859
Carrying amount	**11,990,859**

Summarised statement of profit or loss and other comprehensive income

	9 December-31 December 2015
Revenue	-
Expenses	(23,859)
Loss for the period	**(23,859)**
Other comprehensive income	-
Total comprehensive income	**(23,859)**

Group's share of:

Loss from continuing operations	(11,691)
Total comprehensive income	**(11,691)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 20: Investments in associates (continued)

Commitments and contingencies

Future Exploration

Venus 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 Venus.

The commitments to be undertaken are as follows:

	2015
	$
Payable within one year	40,000
Later than 1 year but not later than 5 years	160,000
	200,000

To keep the exploration permits in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met Venus has the option to negotiate new terms or relinquish the tenements.

There are no contingent liabilities or contingent assets as at 31 December 2015.

Note 21: Trade and Other Payables

	Note	CONSOLIDATED	
		2015	2014
		$	$
Current			
Trade payables		**976,501**	668,614
Other payables and accruals		**1,134,216**	1,093,303
Related party payables	**28**	**437,094**	444,904
		2,547,811	2,206,821

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	CONSOLIDATED	
	2015	2014
	$	$
Note 22: Borrowings		
Current		
Secured		
Lease liabilities	**14,836**	8,599
Loan from third parties	**7,254,508**	5,000,000
Loan from other related party	**3,142,237**	-
	10,411,581	5,008,599
Non-current		
Secured		
Lease liabilities	**76,096**	62,926

Loan from third parties

At 31 December 2015 included in third party loans of $2,500,000 was due to U&D Mining Industry (Australia) Pty Ltd ('U&D') (2014: $5,000,000). It bears a fixed interest of 4%. Refer to Note 32 for more information.

During the current financial year, the Company entered into a Loan Agreement with Kaizen Global Investments Limited ('Kaizen Global') for $7million. At 31 December 2015, $4,954,508 was drawn down from the loan facility provided by Kaizen Global. The loan bears a fixed interest at 7.5%. The final instalment is due in June 2016. Refer to Note 26 (c) for more information on the loan facility.

Loan from other related party

Other related party loan was due to Venus. Venus became an associate in 2015. Refer to Note 28 for more information.

Lease liabilities

At 31 December 2014, lease liabilities were secured by motor vehicles purchased by Mercury Glass. The motor vehicles were transferred to assets held of sale at 31 December 2015, however, the Group bears the liabilities associated with the motor vehicles. Refer to Note 9 for more information.

Assets pledged as security

At 31 December 2014, $5,000,000 loan from U&D was secured over the future sales of inventory. At 31 December 2015, the loan amount was reduced to $2,300,000.

At 31 December 2015, other related party loan of $4,954,508 was secured over the 49% of the issued share capital of Venus held by the Group.

Note 22: Borrowings (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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At 31 December 2014, the lease liabilities were 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**

Note 23: Contributed Equity

a) Share capital

	CONSOLIDATED			
	2015		2014	
	Shares	$	Shares	$
Ordinary shares fully paid	**211,115,355**	**36,615,244**	211,115,355	36,615,244

b) Movements in ordinary share capital

Date	Details	Number of shares	$
1 January 2014	Opening Balance	211,115,355	36,615,244
31 December 2014	Balance	211,115,355	36,615,244
31 December 2015	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 23: Contributed Equity (continued)

c) Capital risk management (continued)

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.

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	
	2015	**2014**
	$	**$**
Borrowings	**10,487,677**	**5,071,525**
Loan to third party	**-**	**-**
Less: Cash and cash equivalent	**(642,287)**	**(1,043,095)**
Term deposits	**(1,632,867)**	**(1,830,642)**
Net debt	**8,212,523**	**2,197,788**
Total equity	**10,448,940**	**19,884,359**
Total capital	**18,661,463**	**22,082,147**
Gearing ratio	**44%**	**10%**

During 2015, the Group borrowed more funds, which were used for the operation of compound fertilizer business, glass processing business and phosphate tenements exploration.

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 24: Reserves

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Transactions with non-controlling interests reserve	**-**	**1,840,000**
	-	**1,840,000**

Transactions with non-controlling interests reserve

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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.

During 2015, the Group lost control of the subsidiary, therefore the reverse was transferred to accumulated losses.

Note 25: Non-controlling Interests

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Non-controlling interests in:		
Share capital	**-**	**160,000**
	-	**160,000**

Minority interest was transferred out due to loss of control in the subsidiary. Refer to Note 19 for more information.

Note 26: 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 26: 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 2015, the Group held the following financial instruments:

		CONSOLIDATED		CONSOLIDATED	
	Note	**2015**	**2015**	**2014**	**2014**
		$	**$**	**$**	**$**
Current		**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Cash and cash equivalent	11	**642,287**	**642,287**	1,043,095	1,043,095
Short-term deposits with maturity over 3 months	12	**39,524**	**39,524**	422,673	422,673
Trade and other receivables	13	**1,523,154**	**1,523,154**	1,991,247	1,991,247
Non-current					
Guarantee deposits	17	**1,593,343**	**1,593,343**	1,407,969	1,407,969
Cash, loans and receivables		**3,798,308**	**3,798,308**	4,864,984	4,864,984
Current					
Trade and other payables	21	**2,547,811**	**2,547,811**	2,206,821	2,206,821
Borrowings	22	**10,411,581**	**10,411,581**	5,008,599	5,008,599
Non-current					
Borrowings	22	**76,096**	**76,096**	62,926	62,926
Financial liabilities measured at amortised cost		**13,035,488**	**13,035,488**	7,278,346	7,278,346

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 FINANCIAL STATEMENTS
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Note 26: 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	
	2015	**2014**
	$	**$**
Current		
Cash and cash equivalents	**642,287**	1,043,095
Short-term deposits with maturity over 3 months	**39,524**	422,673
Trade and other receivables	**1,523,154**	1,991,247
Non-current		
Guarantee deposits	**1,593,343**	1,407,969
Total	**3,798,308**	4,864,984

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 11, 12 and 13 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.

Financing arrangements

The following financing facilities were available to the Group at the end of the reporting period:

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Third party loan from Kaizen Global		
Total facilities:		
Used at the end of the reporting period	**4,954,508**	-
Unused at the end of the reporting period	**2,045,492**	-
Total	**7,000,000**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 26: Financial Risk Management (continued)

(c) Liquidity Risk (continued)

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 2015						
Non-derivatives						
Non-interest bearing	21	**5,690,048**	**5,690,048**	**5,690,048**	**-**	**-**
Interest bearing borrowings	22	**7,345,440**	**7,858,923**	**7,769,427**	**9,928**	**79,568**
		13,035,488	**13,548,971**	**13,459,475**	**9,928**	**79,568**
31 December 2014						
Non-interest bearing	21	2,206,821	2,206,821	2,206,821	-	-
Interest bearing borrowings	22	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

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(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 26: Financial Risk Management (continued)

(d) Market risk (continued)

(i) Interest rate risk (continued)

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 2015						
Financial Assets						
Cash and cash equivalent	1.31%	641,356	-	-	931	642,287
Short-term deposits with maturity over 3 months	2.27%	-	39,524	-	-	39,524
Trade and other receivables	-	-	-	-	1,523,154	1,523,154
Guarantee deposits	2.53%	-	1,593,343	-	-	1,593,343
Financial Liabilities						
Trade and other payables	-	-	-	-	(2,547,811)	(2,547,811)
Borrowings	6.39%	-	(7,269,344)	(76,096)	(3,142,237)	(10,487,677)
		641,356	(5,636,477)	(76,096)	(4,165,963)	(9,237,180)
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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 26: 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			
	2015		2014	
	+0.04% (4 basis points)	-0.04% (4 basis points)	+0.04% (4 basis points)	-0.04% (4 basis points)
	$	$	$	$
Cash at bank	257	(257)	417	(417)
Tax charge at 30% （2014: 30%）	(77)	77	(125)	125
After tax increase / (decrease)	180	(180)	292	(292)

Significant assumptions used in interest rate exposure sensitivity analyse:

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

(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 27: Key Management Personnel Disclosures

	CONSOLIDATED	
	2015	2014
	$	$
(d) Compensation		
Short-term employee benefits	**388,000**	**388,633**
Post-employment benefits	**17,860**	**17,634**
	405,860	**406,267**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	CONSOLIDATED	
	2015	**2014**
	$	**$**

Note 27: Key Management Personnel Disclosures (continued)

(e) Aggregate loans from KMP to the Group

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Balance at beginning of the year	**(203,367)**	(971,695)
Loans from KMP to the Group	**-**	(500,000)
Repayment	**-**	1,268,328
Effect of movement in foreign exchange	**-**	
Balance at end of year	**(203,367)**	(203,367)
Representing:		
-Continuing operations	**(203,367)**	(203,367)
-Discontinued operations	**-**	-
	(203,367)	(203,367)

(f) Aggregate loans from the Group to KMP

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

In December 2014 a third party paid $2 million for 8.16% shareholding of Venus. The $2million was paid to Mr Yinan Zhang on behalf of the Group. Mr Yinan Zhang transferred $670,000 of these funds to the Group as at 31 December 2014. During 2015, Mr Yinan Zhang transferred the remaining balance to the Group.

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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 28: Related Party Transaction

(a) Subsidiaries and associate

Interests in subsidiaries and associate are disclosed in note 19 and note 20.

(b) Loans from other related parties

	CONSOLIDATED 2015 $	2014 $
Continuing operations		
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)

The balance of loan from other related parties of $233,737 are interest free, unsecured and are payable on demand.

All loans from other related parties are with continuing operation in Australia.

(c) Loans from associates - Australia Venus Resource Pty Ltd

	CONSOLIDATED 2015 $	2014 $
Continuing operations		
Balance at beginning of the year	**-**	**-**
Loans transferred in due to loss of control in subsidiary*	**(7,697,237)**	**-**
Repayments made to associates	**4,555,000**	
Balance at end of year	**(3,142,237)**	**-**

*On loss of control of Australia Venus Resource Pty Ltd there was a $7,697,237 loan between the parent entity and Venus. Following the loss of control, Venus is accounted for as an associate and the loan has been disclosed 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 29: Cash Flow Information

	CONSOLIDATED	
	2015	2014
	$	$
Reconciliation of the profit after tax to the net cash flows from operations:		
Loss for the year	**(9,115,418)**	(14,963,252)
Depreciation of non-current assets	**523,917**	519,714
Loss on disposal of property, plant and equipment	**14,711**	2,377,717
Unrealised foreign currency exchanges loss	**1,816**	-
Loss on lose control of subsidiary	**1,677,455**	-
Impairment of assets	**4,010,451**	
Share of loss of associates accounted for using the equity method	**11,691**	-
Changes in Operating Assets and Liabilities:		
(Increase)/decrease in trade and other receivables	**(878,877)**	6,844,200
Decrease/(increase) in inventory	**1,728,161**	(1,344,360)
Decrease in other assets	**24,471**	459,758
Increase in trade and other payables	**392,757**	953,071
Increase in other liabilities	**583,053**	17,397
Decrease in income tax liabilities	**(4,335,674)**	(1,818,202)
Net cash flow used in operating activities	**(5,361,486)**	(6,953,957)

Non-cash financing

Discontinued operation

Acquisition of plant and equipment by means of finance leases	**33,386**	**73,790**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	CONSOLIDATED	
	2015	2014
	$	$
Note 30: Commitments and Contingencies		
Non-cancellable operating leases		
Continuing Operation		
As lessee		
Payable within one year	**1,411,273**	1,711,720
Later than 1 year but not later than 5 years	**2,575,477**	4,076,411
	3,986,750	5,788,131
Discontinued Operation		
Payable within one year	**174,921**	-
	174,921	-

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		
Continuing operation		
Payable within one year	**19,856**	13,366
Later than 1 year but not later than 5 years	**79,568**	67,665
Total future minimum lease payments	**99,424**	81,031
Total future finance charges	**(8,492)**	(9,506)
Lease liabilities	**90,932**	71,525
Lease liabilities are represented in the financial statements as follows:		
Current (note 22)	**14,836**	8,599
Non-current (note 22)	**76,096**	62,926
	90,932	71,525

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	CONSOLIDATED	
	2015	2014
	$	$

Note 30: Commitments and Contingencies (continued)

Future Exploration

At 31 December 2014, the Group had certain obligations to expend minimum amounts on exploration in tenement areas.

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

In 2015, the Group sold its tenements to its associate, Venus. Refer to Note 20 for more information on future exploration commitments of Venus.

Note 31: 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	
	2015	2014
	$	$
Current asset	**2,858,811**	1,256,095
Non-current assets	**27,757,964**	40,891,272
Total assets	**30,616,775**	42,147,367
Current liabilities	**20,167,835**	16,982,559
Non-current liabilities	**-**	331,914
Total liabilities	**20,167,835**	17,314,473
Contributed equity	**36,615,243**	36,615,243
Accumulated losses	**(26,166,303)**	(11,782,349)
Total equity	**10,448,940**	24,832,894
Loss for the year	**(14,383,954)**	(9,147,963)
Total comprehensive loss for the year	**(14,383,954)**	(9,147,963)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 31: Parent entity financial information (continued)

Included in the loss for the year is an impairment of $10,035,251 related to the parent entity's investment in the subsidiaries.

Guarantees in relation to subsidiaries

Australia New Agribusiness & Chemical Group Ltd does not provide any guarantee to its subsidiaries as at 31 December 2015 (2014: Nil).

Contingent liabilities

Australia New Agribusiness & Chemical Group Ltd does not have any contingent liabilities in 2015 (2014: Nil).

Capital Commitments

Australia New Agribusiness & Chemical Group Ltd does not have any contractual commitments to acquire property, plant & equipment in 2015 (2014: Nil).

Note 32: Subsequent Events

Agreement between Baina Enterprises Limited and ANB

The Company and Baina Enterprises Limited (Baina) entered into a Memorandum Of Understanding on 2 February 2016 under which the Company agreed to issue 310,000,000 new shares to Baina's existing shareholders which is 59.5% of the Company's total shares. The final details are yet to be determined.

- The Company has to achieve nil liabilities before April 2016. Non-fertiliser subsidiaries of the Company including Australia Mercury Glass Pty Ltd and Australia Venus Resource Pty Ltd have to be disposed before April 2016. Australia Mercury Glass Pty Ltd has been disposed on 15 March 2016 for the total consideration of $1,000,000 plus the stock value.

- Baina has to achieve nil liabilities and the cash balance has to be no less than 20 million Australian Dollars before March 2016. Baina also guarantees that no less than 300,000 tons fertiliser distribution binding agreements have to be secured before the restructure.

There have been initial discussions with potential buyers for the Group's shareholding in Venus; however, no agreement has yet been reached. Whilst the deadline for disposing of Venus outlined in the agreement is unlikely to be met, management are still committed to the deal and will be meeting with Baina in April with the intention of extending the deadline for disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 32: Subsequent Events (continued)

Agreement between U&D and ANB

The Company and U&D Mining Industry (Australia) Pty Ltd entered into an Updated Repayment Plan Agreement on 18 January 2016 under which the Company agreed to repay the outstanding loan of $2,300,000 to U&D by 31 March 2016. The new terms of the loan agreement are as below:

- The Company has paid U&D:
  - $500,000 (as payment on account of Principal) on 19 January 2016;
  - $500,000 (as payment on account of Principal) on 19 February 2016; and
  - $500,000 (as payment on account of Principal) on 30 March 2016.

- The remaining amount plus interest owing to U&D will be paid on or before 30 April 2016.

- 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.

Disposal of Australia Mercury Glass Pty Ltd

Australia Mercury Glass Pty Ltd's property, plant and equipment and inventory was disposed of on 15 March 2016 for total consideration of $1,000,000 plus the stock value. The first payment of $500,000 has been received on completion. $250,000 plus 50% of the stock value will be received on or before 30 June 2016 and the balance will be received on or before 30 December 2016.

Loan Agreement between ANB and Kaizen Global Investments Limited (Kaizen)

ANB and Kaizen reached agreement in December 2015 and Kaizen will advance to ANB in cleared and immediately available funds:

- $5,000,000 was received when the agreement was executed in 2015;
- $2,000,000 to be received 5 business days after receipt by ANB of the final drawdown notice. The date for receiving the $2,000,000 final drawdown has been consensually extended, with a date to be fixed.

The interest rate for the loan is 7.5% based on a 365 day year and accrues daily. ANB must pay all accrued interest and the principal on 1 June 2016. Kaizen mortgages the mortgaged property which is the 49% of the issued share capital of Australia Venus Resource Pty Ltd hold by New Agri to Kaizen.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 33: 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 34: Changes of results from 4E

On 29 February 2015 the Group announced to the market its preliminary financial results for the financial year ended 31 December 2015 for a loss of $5,868,987. The audited profit after income tax of the Group for relevant period was a loss of $9,115,418, $3,246,431 lower than the preliminary financial results. The change represented 55% of the final financial results and was mainly caused by adjustment in impairment of plant and equipment of $2,949,311.

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 2015 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 11 to 16 of the directors' report (as part of audited Remuneration Report), for the year ended 31 December 2015, 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 2016

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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 2015, 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.

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 2015 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 company to continue as a going concern is dependent upon the sale of its 49% shareholding in Australia Venus Resource Pty Ltd and the continued support of its current financiers and shareholders whilst the Group continues to rationalise its operations until the company can generate sufficient cash flows to meets its expenditure requirements. 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 11 to 16 of the directors' report for the year ended 31 December 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO

A J Whyte
Director
Brisbane, 31 March 2016

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
Stock Exchange Listing	Australia New Agribusiness & Chemical Group Ltd shares are listed on the Australian Securities Exchange (ASX).
Internet Address	www.newagribusiness.com.au (English Website)