

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES

(Formerly called Daton Group Australia Limited and Its Subsidiaries)

ABN 74 142 976 065

HALF-YEAR REPORT ENDED 30 JUNE 2013

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Australia New Agribusiness & Chemical Group Ltd – Half Year Report

CORPORATE DIRECTORY

Australia New Agribusiness & Chemical Group Ltd ACN 142 976 065

Directors

Mr Jun Xiao (Chairman)
Mr Yinan Zhang (Managing Director & Executive Director)
Mr Yiming Cui (Non-Executive Director)
Ms Julia Yan Zhu (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

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

Principal Place of Business in Australia

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

Bankers

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

Commonwealth Bank
Sunnybank Plaza
358 Mains Road Sunnybank QLD 4109

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

Share Registrar

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

Auditors

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

Internet Address

www.newagribusiness.com.au (English Website)

**Australia New Agribusiness & Chemical Group Ltd
(Formerly called Daton Group Australia Limited)
– Half Year Report**

Appendix 4D

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

Name of entity

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD

ABN

ABN 74 142 976 065

Reporting period

Half Year ended 30 June 2013

Previous corresponding period

Half Year ended 30 June 2012

1. Results for Announcement to the Market

Revenue from continuing operations	Down	51%	to	\$168,651
Loss from ordinary operations after income tax attributable to members	Up	114%	to	\$1,437,302
Net loss for the period attributable to members	Up	N/A	to	\$715,408
Net tangible asset value per share		As at 30 June 2013		\$0.15
		As at 31 December 2012		\$0.15

2. Review of Operations

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

3. Details of Controlled Entities

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

4. Details of Associates and Joint Venture Entities

Equity accounted Associates as of 30 June 2013:

- U & D Mining Industry (Australia) Pty Ltd (49% of ownership)

5. Dividends

No dividend was paid or proposed for the half year ended 30 June 2013.

6. Audit Disputes or Qualifications

There are no audit disputes or qualifications.

7. Accounting Standards

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

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES

**(Formerly called Daton Group Australia Limited and Its Subsidiaries)
ABN 74 142 976 065**

**Consolidated Financial Statements
For the Half Year Ended 30 June 2013**

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Directors' Report

30 June 2013

1. General Information

The Company name was changed from Daton Group Australia Ltd to Australia New Agribusiness & Chemical Group Ltd following shareholder approval at the Annual General Meeting of 24 May 2013.

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

Mr Jun Xiao

Mr Yinan Zhang

Ms Julia Yan Zhu

Mr Yiming Cui

Mr James Naiming Li

2. Business Review

In May 2013 Australia New Agribusiness & Chemical Group Ltd ("New Agri Group") signed a contract to acquire from Krucible Metal Ltd phosphate bearing tenements for \$12 million, which consists of the Korella trial mining lease, six exploration leases and five exploration applications. A deposit of \$960,000 was made to Krucible after the execution of the purchase agreement.

U&D Mining Industry (Australia) Pty Ltd ("U&D"), an associate of New Agri Group, in May 2013 completed the acquisition of 100% of the shares in the publicly listed company Endocoal Limited (ASX: EOC), with JORC deposits of 51.4 Mt on EPC 1517 Orion Downs, and 447.1 Mt on the Rockwood project comprising EPCs 1514. Endocoal has a significant number of mining tenements to add to EPC 818 that U&D had acquired in the previous financial year. Endocoal has also significantly advanced on the MLA process for their Meteor Downs South Project, with production currently planned for 2014.

In July 2013, The Company has entered into two Share Sale Agreements (collectively the "Agreements") with China Kunlun International Holding Limited ("Kunlun") and Golden Globe Energy Limited ("Golden Globe"), to dispose the total of 49% equity the Company holds in U&D Mining Industry (Australia) Pty Ltd ("U&D") to Kunlun (25%) and Golden Globe (24%). The disposal of U&D by the Company is in line with the Company's long term business strategy, which is to focus on its principal business in fertiliser in the agribusiness sector.

As per the Agreements, the considerations from Kunlun and Golden Globe are \$14,800,000 and \$14,652,000 respectively. The Company has received \$8 million deposit in total from Kunlun and Golden Globe in August 2013. The completion of the sale and the payment of the balance purchase price shall take place within 6 months from the date of the Agreement or such other reasonable earlier date or extension as the parties shall mutually agree.

Directors' Report (Continued)
30 June 2013

2. Business Review (continued)

The proceeding of the disposal is dependent on a written consent to be received from the China Construction Bank Corporation since the Company pledged its equity ownership in U&D for a loan facility obtained by U&D. Refer to note 9 to the financial statements for further information in relation to the financial guarantee.

During the half year ended 30 June 2013, New Agri Group continued its strategy to expand business in Australia through the construction of the new plant of its subsidiary Apollo Fertiliser Queensland Pty Ltd ('Apollo Fertiliser'). Apollo is now in the process of the final engineering installation for the first stage of the project, with the designed annual production capacity of 200,000 tonnes of compound fertiliser. The construction work of the project is expected to be completed in October 2013, shortly followed by trial production.

Review of Financials

The Group incurred a loss of \$715,408 in the first six months of 2013, compared to a profit of \$1,434,874 in the same period of 2012. This was mainly due to production at the Apollo Fertilizer not having commenced, as well as the loss from the investment in U & D, which is currently in the exploration phase for its operations.

Outlook and prospects for second six months of 2013

The major goal of New Agri Group in the next half year is to prepare for the operation of Apollo Fertiliser. The installation of the production equipment is due to be completed in October 2013. Following installation completion, trial production will commence. Apollo Fertiliser will sell compound fertiliser that meets Australian industry standards, including the Fertiliser Industry Federation of Australia (FIFA) Code of Practice for Fertiliser Standards.

The Group is considering its marketing and branding strategy to ensure that the production of the compound fertiliser will be sold. The Group is confident that its products will receive market acceptance due to a strong demand in Australia.

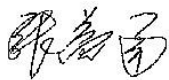
The annual fertiliser demand in Australia is 5,250,000 tonnes, and based on the available data, approximately 3,750,000 tonnes of that is imported. Once trial production commences, it is expected Apollo Fertiliser will be able to produce 200,000 tonnes of compound fertiliser per annum for the Australian, New Zealand and other Asian markets.

3. Auditor's Independence Declaration

A copy of the independence declaration by the lead auditor under section 307C is included on Page 10 to these half year financial statements.

Directors' Report (Continued)
30 June 2013

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



Yinan Zhang
Managing Director
Brisbane, Australia
Date: 30th August 2013

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

As lead auditor for the review of Australia New Agribusiness & Chemical Group Ltd for the half-year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been:

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

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



A J Whyte

Director

BDO Audit Pty Ltd

Brisbane: 30 August 2013

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Half-Year Ended 30 June 2013

	Note	CONSOLIDATED	
		Half-Year ended 30 June 2013 \$	Half-Year ended 30 June 2012 \$
Revenue from continuing operations		168,651	344,942
Other income		25,667	-
Administration expenses		(868,190)	(516,290)
Occupancy expenses		(24,705)	(34,206)
Finance costs		(50,120)	(466,527)
Other expenses		-	(666)
Share of loss of associates accounted for using the equity method		(1,062,911)	-
Loss before income tax expense		(1,811,608)	(672,747)
Income tax benefit	4	374,306	-
Loss from continuing operations		(1,437,302)	(672,747)
Profit from discontinued operations	4,10	721,894	2,107,621
Net (loss)/profit for the period		(715,408)	1,434,874
Other comprehensive income			
<i>Items that may be re-classified to profit or loss</i>			
Foreign currency translation differences		-	141,890
Reclassification of foreign currency translation differences		-	1,303,220
Other comprehensive income for the period, net of tax		-	1,445,110
Total comprehensive (loss)/income for the period		(715,408)	2,879,984
(Loss)/profit is attributable to			
Owners of Australia New Agribusiness & Chemical Group Ltd		(715,408)	1,410,978
Non-controlling interest		-	23,896
		(715,408)	1,434,874
Total comprehensive(loss)/income for the year is attributable to			
Owners of Australia New Agribusiness & Chemical Group Ltd		(715,408)	2,856,088
Non-controlling interest		-	23,896
		(715,408)	2,879,984
Earnings per share		Cents	Cents
Overall operations			
Basic earnings per share		(0.34)	0.78
Diluted earnings per share		(0.34)	0.78
Continuing operations			
Basic earnings per share		(0.68)	(0.37)
Diluted earnings per share		(0.68)	(0.37)
Discontinued operations			
Basic earnings per share		0.34	1.15
Diluted earnings per share		0.34	1.15

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

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013

Consolidated Statement of Financial Position
As at 30 June 2013

		CONSOLIDATED	
	Note	30 June 2013	31 December 2012
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		1,567,817	14,849,606
Short-term deposits with maturity over three months		1,222,949	1,016,897
Trade and other receivables		28,993	54,391
Income tax assets		663,692	-
Other assets	5	1,105,889	212,505
Assets classified as held for sale	10	22,242,681	-
Total current assets		26,832,021	16,133,399
Non-current assets			
Property, plant and equipment	6	14,481,890	12,975,915
Investments in associates accounted for using the equity method	10	-	12,352,651
Total non-current assets		14,481,890	25,328,566
Total assets		41,313,911	41,461,965
LIABILITIES			
Current liabilities			
Trade and other payables		8,725,431	8,582,640
Current tax liabilities		-	1,096,200
Other liabilities		15,255	-
Total current liabilities		8,740,686	9,678,840
Non-current liabilities			
Borrowings	7	1,505,508	-
Total current liabilities		1,505,508	-
Total liabilities		10,246,194	9,678,840
Net assets		31,067,717	31,783,125
EQUITY			
Contributed equity		36,615,244	36,615,244
Accumulated losses		(5,547,527)	(4,832,119)
Total equity		31,067,717	31,783,125

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

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013

Consolidated Statement of Changes in Equity
For The Half-Year Ended 30 June 2013

	Contributed Equity	Retained Earnings/ (Accumulated losses)	Surplus Reserves	Foreign Currency Translation Reserve	Total Parent	Non- controlling Interests	Total Entity
CONSOLIDATED	\$	\$	\$	\$	\$	\$	\$
At 1 January 2012	28,115,244	(16,470,471)	780,049	(1,445,110)	10,979,712	11,148	10,990,860
Total comprehensive income for the half-year							
Profit for the period	-	1,410,978	-	-	1,410,978	23,896	1,434,874
<i>Other comprehensive income</i>							
Foreign currency translation differences	-	-	-	141,890	141,890	-	141,890
Reclassification of foreign currency translation differences	-	-	-	1,303,220	1,303,220	-	1,303,220
Total comprehensive income for the half-year	-	1,410,978	-	1,445,110	2,856,088	23,896	2,879,984
Transactions with owners in their capacity as owners							
Transfer surplus reserves to accumulated losses as a result of disposal of subsidiary	-	780,049	(780,049)	-	-	-	-
At 30 June 2012	28,115,244	(14,279,444)	-	-	13,835,800	35,044	13,870,844
At 1 January 2013	36,615,244	(4,832,119)	-	-	31,783,125	-	31,783,125
Total comprehensive income for the half-year							
Loss for the period	-	(715,408)	-	-	(715,408)	-	(715,408)
<i>Other comprehensive income</i>	-	-	-	-	-	-	-
Total comprehensive income for the half-year	-	(715,408)	-	-	(715,408)	-	(715,408)
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-
At 30 June 2013	36,615,244	(5,547,527)	-	-	31,067,717	-	31,067,717

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

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013

Consolidated Statement of Cash Flows
For The Half-Year Ended 30 June 2013

	Note	CONSOLIDATED	
		Half-Year ended 30 June 2013 \$	Half-Year ended 30 June 2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		115,940	250,919
Payments to suppliers and employees		(711,194)	(1,182,365)
Interest received		118,505	472,528
Interest paid		(41,600)	(87,396)
Income tax paid		(663,692)	-
NET CASH USED IN OPERATING ACTIVITIES		(1,182,041)	(546,314)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase)/decrease in term deposits over 3 months		(206,052)	10,151,977
Payments for investment in associate	11(a)	(10,952,941)	-
Deposit received on disposal of shares in U & D Mining Industry (Australia) Pty Ltd		-	13,967,910
Net cash outflow on disposal of subsidiary	11(b)	-	(16,502)
Purchase of property, plant & equipment		(1,450,964)	(6,314,047)
Payments for exploration and evaluation assets		-	(24,144,252)
Payments for a deposit on exploration and evaluation assets		(973,975)	-
Loans to related parties		(19,200)	-
NET CASH USED IN INVESTING ACTIVITIES		(13,603,132)	(6,354,914)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,505,508	3,200,000
Repayment of borrowings		-	(4,751,977)
Loans from other related parties		-	5,197,396
Loans to other related parties		(2,124)	(3,070,000)
Loans from third party		-	5,000,000
NET CASH PROVIDED BY FINANCING ACTIVITIES		1,503,384	5,575,419
NET DECREASE IN CASH HELD		(13,281,789)	(1,325,809)
Effects of exchange rate changes on the balance of cash held in foreign currency		-	311
Cash and cash equivalents at beginning of the period		14,849,606	15,630,114
CASH AT END OF PERIOD		1,567,817	14,304,616

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

Notes to the Consolidated Financial Statements For The Half-Year Ended 30 June 2013

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

These general purpose financial statements for the half-year reporting period ended 30 June 2013 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting and Corporations Act 2001*.

The Company name was changed from Daton Group Australia Ltd to Australia New Agribusiness & Chemical Group Ltd following shareholder approval at the Annual General Meeting of 24 May 2013.

The historical cost basis has been used.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 31 December 2012 and any public announcements made by Australia New Agribusiness & Chemical Group Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Going Concern

The financial report of the Group has been prepared on a going concern basis, which contemplates continuity of normal trading activities and realisation of assets and settlement of liabilities in the normal course of business. As at 30 June 2013 there are related party payables of \$8,042,525 which are repayable on demand.

In July 2013 the Group received an initial deposit of \$8,000,000 related to the disposal of U&D Mining Industry (Australia) Pty Ltd ("U&D"). The Group is also forecasting to receive a further \$21,425,000 following settlement of the transaction. This settlement is dependent on the Group receiving approval from China Construction Bank Corporation ("CCB") to release its security over the Group's investment in U&D. Refer to notes 9 and 11 for further details.

The viability of the Group relies on continuing support from its shareholders and related parties and receipt of approval from CCB for the disposal of the Group's shares in U&D.

The directors believe that the preparation of the financial statements on a going concern basis is appropriate because the consolidated entity will be able to obtain continued support from shareholders, related parties and financiers and the directors expect that approval for the disposal of U&D will be received from CCB.

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

New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 *Presentation of Financial Statements* effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

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 recognises 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 recognises 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.

**Notes to the Consolidated Financial Statements (Continued)
For The Half-Year Ended 30 June 2013**

Note 1: Basis of Preparation of Half-Year Financial Statements (continued)

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Note 2: Segment Information

(a) Description of segment

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

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

For the period ended 30 June 2012 the board considered that the Group had the following reportable segments:

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

Corporate: Group treasury and head office activities

U&D Mining: Exploration of EPC 818 coal mine to secure the coal supply of the compound fertiliser project. The Group disposed of 11% of its ownership interest in U & D Mining Industry (Australia) Pty Ltd (U & D) during the year ended 31 December 2012. The Group has determined that it no longer has control over U & D and accordingly U & D is not considered to be a subsidiary and becomes an associate at 31 December 2012.

Discontinued operation – China Urea Manufacturing: manufacturing and sale of fertiliser and its by-products to domestic customers in P. R. China. This segment was classified as held for sale upon board resolution on 12 September 2011.

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013

Notes to the Consolidated Financial Statements (Continued)

For The Half-Year Ended 30 June 2013

Note 2: Segment Information (continued)

Segment information provided to the board of directors for the period ended 30 June 2012 is as follows:

30 June 2012	U & D Mining \$	Compound Fertilizer Apollo \$	Corporate \$	Total continuing operation \$	Discontinued operation \$	Total \$
Sales revenue	-	-	-	-	-	-
Total segment revenue from external customers	-	-	-	-	-	-
Depreciation	-	-	(1,679)	(1,679)	-	(1,679)
Interest revenue	93,286	2,217	75,165	170,668	-	170,668
Interest expense	-	(87,366)	(369,941)	(457,307)	(543,506)	(1,000,813)
Income tax expense	-	-	-	-	-	-
Net profit /(loss) after tax	59,739	44,195	(776,681)	(672,747)	2,107,621	1,434,874
Total segment assets	25,467,186	7,846,891	25,351,687	58,665,764	-	58,665,764
Total segment liabilities	17,905,473	3,204,889	23,684,558	44,794,920	-	44,794,920

Note 3: Dividends

No dividend was paid or proposed for the half year ended 30 June 2013 (2012: Nil).

Note 4: Income Tax Expense

	CONSOLIDATED	
	Half-Year ended 30 June 2013	Half-Year ended 30 June 2012
Major components of income tax expense are:		
Current tax expense		
Current tax expense	-	-
Adjustments for previous years	(1,096,200)	-
	(1,096,200)	-
Deferred tax expense		
Origination and reversal of temporary differences	-	-
	-	-
Total income tax (benefit)/expense in profit or loss	(1,096,200)	-
Income tax (benefit)/expense applicable to:		
-Continuing operations	(374,306)	-
-Discontinued operations	(721,894)	-
	(1,096,200)	-

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

Notes to the Consolidated Financial Statements (Continued)

For The Half-Year Ended 30 June 2013

Note 5: Other assets

	Consolidated	31 December
	30 June 2013	2012
	\$	\$
Deposit paid	973,975	-
Refundable GST	131,914	212,505
	<u>1,105,889</u>	<u>212,505</u>

Deposit paid mainly represented a deposit of \$960,000 paid by the Group in relation to the acquisition of the Krucible tenements.

Note 6: Property, plant and equipment

	Consolidated	31 December
	30 June 2013	2012
	\$	\$
Land		
At cost	<u>5,121,293</u>	<u>5,121,293</u>
Machinery and vehicles		
At cost	181,457	108,227
Accumulated depreciation	(19,027)	(10,188)
	<u>162,430</u>	<u>98,039</u>
Furniture, fittings and equipment		
At cost	17,622	17,159
Accumulated depreciation	(1,830)	(665)
	<u>15,792</u>	<u>16,494</u>
Capital works in progress at cost	<u>9,182,375</u>	<u>7,740,089</u>
Total property, plant and equipment		
At cost	14,502,747	12,986,768
Accumulated depreciation	(20,857)	(10,853)
	<u>14,481,890</u>	<u>12,975,915</u>

**Notes to the Consolidated Financial Statements (Continued)
For The Half-Year Ended 30 June 2013**

Note 6: Property, plant and equipment (continued)

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

Consolidated	Land	Machinery and vehicles	Furniture, fittings and equipment	Capital works in progress	Total
	\$	\$	\$	\$	\$
Carrying amount at 1 January 2012	-	19,869	3,633	-	23,502
Additions	5,121,293	265,880	51,308	7,740,089	13,178,570
Depreciation expense	-	(8,528)	(2,328)	-	(10,856)
Assets classified as held for sale	-	(179,182)	(36,119)	-	(215,301)
Carrying amount at 31 December 2012	5,121,293	98,039	16,494	7,740,089	12,975,915
Additions	-	73,230	463	1,442,286	1,515,979
Depreciation expense	-	(8,839)	(1,165)	-	(10,004)
Carrying amount at 30 June 2013	5,121,293	162,430	15,792	9,182,375	14,481,890

Non-current assets pledged as security

Refer note 7 and note 9 for information on non-current assets pledged as security by the Group.

Note 7: Borrowings

	Consolidated	
	30 June 2013	31 December 2012
	\$	\$
Commercial bill	1,505,508	-

The commercial bill is secured over the Group's property at 62 Murdoch Circuit, Acacia Ridge.

Note 8: Equity securities issued

During the half-year ended 30 June 2013, there were no shares issued.

Note 9: Commitments and contingencies

Commitments

The Group has no commitments for the purchase of property, plant and equipment as at 30 June 2013 (31 December 2012: \$395,000).

Financial guarantee

U&D Mining Industry (Australia) Pty Ltd ("U&D"), the associate entity of the Group, secured a \$70 million one year loan from the China Construction Bank Corporation ("CCB") to acquire Endocoal Limited (ASX:EOC) in May 2013. The Company and another shareholder of U&D, Australia Kunqian International Energy Co., Pty Ltd ("Kunqian") provided financial guarantees in respect of the loan.

Notes to the Consolidated Financial Statements (Continued)

For The Half-Year Ended 30 June 2013

Note 9: Commitments and Contingencies (continued)

Financial guarantee (continued)

The Company and Kunqian agreed to guarantee 49% and 51% of U&D's obligation under the loan agreement respectively. The loan facility is also secured over term deposits of \$70 million provided by Kunqian and the company's 49% interest in U&D.

CCB, U&D, Kunqian and the Company also entered into a Tripartite Deed in relation to the loan facility. Kunqian agreed to guarantee the Company's Guarantee Portion if the Company is unable to satisfy its guaranteed obligations under the guarantee agreement.

Taking into account other forms of security provided the value attributed to the financial guarantee provided by the Company at inception and at 30 June 2013 is nil.

The Group's maximum exposure is the maximum amount the Group could have to pay if the guarantee is called on, which is \$34.3 million. The earliest period in which the guarantee could be called upon will be in May 2014, or in the event of a default by U&D. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement.

There are no other contingent liabilities or contingent assets as at 30 June 2013.

Note 10: Assets and liabilities classified as held for sale and discontinued operation

(a) Assets classified as held for sale

	Notes	Consolidated	
		30 June 2013	31 December 2012
		\$	\$
Investments in associates - current	(i)	22,242,681	-
Investments in associates – non-current		-	12,352,651
		22,242,681	12,352,651

In June 2013, the directors of the Group decided to sell the equity investment in U & D Mining Industry (Australia) Pty Ltd ("U&D"). The Group owns 49% of the equity interest in U & D. Refer to note 11 for the detailed information in relation to the disposal.

(i) Movements in carrying amounts

Carrying amount at the beginning of the financial year	12,352,651	-
Additions	10,952,941	12,364,683
Share of loss after income tax	(1,062,911)	(12,032)
Carrying amount at the end of the financial year	22,242,681	12,352,651

**Notes to the Consolidated Financial Statements (Continued)
For The Half-Year Ended 30 June 2013**

Note 10: Assets and liabilities classified as held for sale and discontinued operation (continued)

(b) Discontinued operation

On 12 September 2011 the board of directors of Daton Group Australia Limited resolved to sell its Urea Manufacturing business (Henan Datong and Zhengzhou Jinyitong Scientific & Technology Development Co., Limited (Jinyitong)) in P. R. China. The Urea Manufacturing business was reported as a discontinued operation in 2011 financial year. Henan Datong and Jinyitong were disposed of effective 26 June 2012.

For information on the effect of the discontinued operation on the period ended 30 June 2013, refer to note 4.

Financial information relating to the discontinued operations from 1 January 2012 to 26 June 2012 (date of disposal) is set out below:

	1 January 2012 to 26 June 2012 \$
Financial performance	
Revenue and other income	-
Total expenses	<u>(549,530)</u>
(Loss)/profit before tax	(549,530)
Income tax expense	-
Net (loss)/profit attributable to discontinued operations	<u>(549,530)</u>
Gain on disposal of operation including a cumulative exchange loss of \$1,303,220 reclassified from foreign currency translation reserve to profit and loss	2,657,151
Income tax expense	-
Gain on disposal of discontinued operation after income tax	<u>2,657,151</u>
Profit from discontinued operation	<u><u>2,107,621</u></u>

**Notes to the Consolidated Financial Statements (Continued)
For The Half-Year Ended 30 June 2013**

Note 10: Discontinued operations (continued)

Cash flow information for 1 January 2012 to 26 June 2012:

	1 January 2012 to 26 June 2012 \$
Net cash inflow/(outflow) from operating activities	55,433
Net cash inflow from investing activities	4,690,661
Net cash (outflow)/inflow from financing activities	<u>(4,751,977)</u>
 Net decrease in cash generated by discontinued operations	 <u>(5,883)</u>

Information relating to the financial position of the discontinued operations on disposal date (26 June 2012) and at the end of the previous annual reporting period are as set out below:

	Disposal date 26 June 2012 \$
Carrying amounts of assets and liabilities	
Cash and cash equivalents	16,502
Guarantee deposits with maturity over three months	-
Trade and other receivables	205,394
Inventories	1,342,076
Property, plant and equipment	26,671,734
Lease prepayments	416,568
Long term Receivables	<u>1,564,154</u>
 Total assets	 <u>30,216,428</u>
 Trade and other payables	 6,224,813
Current borrowings	11,351,722
Current tax liabilities	51,416
Other liabilities	2,714,405
Non-current borrowings	<u>3,034,443</u>
 Total liabilities	 <u>23,376,799</u>
 Net assets	 <u><u>6,839,629</u></u>

Details of the sale of discontinued operations are as follows:

	\$
Consideration to be received*	10,800,000
Carrying amount of net assets sold	(6,839,629)
Cumulative exchange loss in foreign currency translation reserve reclassified from equity to profit and loss on loss of control of subsidiary	<u>(1,303,220)</u>
Gain on sale before income tax	2,657,151
Income tax expense	<u>-</u>
 Gain on sale after income tax	 <u>2,657,151</u>

*The consideration was received by the Group in the second half year of 2012.

Notes to the Consolidated Financial Statements (Continued)

For The Half-Year Ended 30 June 2013

Note 10: Discontinued operations (continued)

Net cash outflow on disposal of discontinued operations

	\$
Consideration received in cash and cash equivalents	-
Less: cash and cash equivalent balances disposed of	<u>(16,502)</u>
	<u>(16,502)</u>

Note 11: Events subsequent to the end of the reporting period

Disposal of 49% share holding in U&D Mining Industry (Australia) Pty Ltd

The Company has entered into two Share Sale Agreements (collectively the "Agreements") with China Kunlun International Holding Limited ("Kunlun") and Golden Globe Energy Limited ("Golden Globe"), to dispose the total of 49% equity the Company holds in U&D Mining Industry (Australia) Pty Ltd ("U&D") to Kunlun (25%) and Golden Globe (24%). The considerations from Kunlun and Golden Globe are \$14,800,000 and \$14,652,000 respectively.

As per the Agreements, the Company has received \$8 million deposit in total from Kunlun and Golden Globe in August 2013. The completion of the sale and the payment of the balance purchase price shall take place within 6 months from the date of the Agreement or such other reasonable earlier date or extension as the parties shall mutually agree.

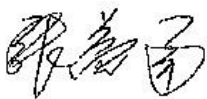
The proceeding of the disposal is dependent on a written content to be received from the China Construction Bank Corporation since the Company pledged its equity ownership in U&D for a loan facility obtained by U&D. Refer to note 9 for the detailed information in relation to the financial guarantee.

Declaration by Directors

The directors of the company declare that:

- (a) The financial statements and notes set out on pages 11 to 23 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the half-year ended on that date.
- (b) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Yinan Zhang
Managing Director

Brisbane, Australia

Date: 30th August 2013

INDEPENDENT AUDITOR'S REPORT

To the members of Australia New Agribusiness & Chemical Group Ltd

Report on the Financial Report

We have reviewed the accompanying half-year financial report of Australia New Agribusiness & Chemical Group Ltd, which comprises the consolidated statement of financial position as at 30 June 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australia New Agribusiness & Chemical Group Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australia New Agribusiness & Chemical Group Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australia New Agribusiness & Chemical Group Ltd is not in accordance with the *Corporations Act 2001* including:

- A. giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the half-year ended on that date; and
- B. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit Pty Ltd

BDO



A J Whyte

Director

Brisbane: 30 August 2013