

Appendix 4E

Preliminary Final Report

Name of Entity:	Australia New Agribusiness & Chemical Group Ltd (Formerly called Daton Group Australia Ltd)
ABN	74 142 976 065

1. Details of the reporting period

Current Period: 1 January - 31 December 2013

Previous Corresponding Period: 1 January - 31 December 2012

2. Results for announcement to the market

				<u>\$'000</u>
Revenue from continuing operations	down	63%	to	347
Profit from ordinary activities after income tax attributable to members	down	96%	to	343
Net profit attributable to members	down	90%	to	1,064

Explanation of revenue

Revenue comprises of interest revenue of \$163,798 (2012: \$707,807) and rental income of \$183,063 (2012: \$223,263). The decrease in interest revenue was mainly due to more funds used in investment activities in 2013. The Company did not generate any revenue from its core business as the Apollo Fertiliser Plant was under construction and fit out during 2013. The Company anticipates that revenue from the sale of its manufactured compound fertiliser and trading in fertiliser products will materialise following commencement of production of Apollo Fertiliser in 2014.

Explanation of Net Profit after Tax

The significant decrease in profit after tax is mainly resulted from a large decline in the gain from the disposal of its investments. In 2012 the Group disposed of a subsidiary, Henan Datong Chemical Industry Co., Ltd, and partially disposed of another subsidiary U&D Mining Industry Pty Ltd, for a total gain after tax of \$14 million, whereas the Group made \$3 million gain after tax on the disposal of its remaining interest in U&D Mining Industry Pty Ltd in 2013.

3. Consolidated Statement of Profit and Loss and Other Comprehensive Income For the Year Ended 31 December 2013

	12 Months Ended	
	31 December 2013	31 December 2012
	\$	\$
Revenue from continuing operations	346,861	931,070
Other income	8,396,110	10,740,704
Administration expenses	(2,057,571)	(1,663,513)
Occupancy expenses	(421,930)	(70,680)
Finance costs	(100,481)	(146,515)
Other expenses	(41,808)	-
Share of loss of associate accounted for using the equity method	(2,223,694)	(12,032)
Profit before income tax expense	3,897,487	9,779,034
Income tax expense	(3,554,895)	(258,233)
Profit from continuing operations	342,592	9,520,801
Profit from discontinued operations	721,894	1,269,654
Profit for the year	1,064,486	10,790,455
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 year, net of tax	-	1,445,110
Total comprehensive income for the year	1,064,486	12,235,565
Profit/(loss) is attributable to		
Owners of Australia New Agribusiness & Chemical Group Ltd	1,064,486	10,858,303
Non-controlling Interest	-	(67,848)
	1,064,486	10,790,455
Total comprehensive income/(loss) for the year is attributable to		
Owners of Australia New Agribusiness & Chemical Group Ltd	1,064,486	12,303,413
Non-controlling Interest	-	(67,848)
	1,064,486	12,235,565

3. Consolidated Statement of Profit and Loss and Other Comprehensive Income (continued)

For the Year Ended 31 December 2013

	12 Months Ended	
	31 December 2013	31 December 2012
<i>Earnings per share for the year</i>	Cents	Cents
<i>Overall operations</i>		
Basic earnings per share	0.50	5.82
Diluted earnings per share	0.50	5.82
<i>Continuing operations</i>		
Basic earnings per share	0.16	5.14
Diluted earnings per share	0.16	5.14
<i>Discontinued operations</i>		
Basic earnings per share	0.34	0.68
Diluted earnings per share	0.34	0.68

4. Consolidated Statement of Financial Position
As At 31 December 2013

	31 December 2013	31 December 2012
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	10,859,364	14,849,606
Short-term deposits with maturity over three months	413,642	1,016,897
Trade and other receivables	8,487,140	54,391
Inventories	2,613,924	-
Other assets	751,214	212,505
Total current assets	23,125,284	16,133,399
Non-current assets		
Property, plant and equipment	15,121,749	12,975,915
Guarantee deposits	1,372,901	-
Other assets	4,924,021	-
Investments in associates accounted for using the equity method	-	12,352,651
Total non-current assets	21,418,671	25,328,566
Total assets	44,543,955	41,461,965
LIABILITIES		
Current liabilities		
Trade and other payables	7,051,888	8,582,640
Borrowings	700,000	-
Current tax liabilities	3,929,201	1,096,200
Other liabilities	15,255	-
Total current liabilities	11,696,344	9,678,840
Total liabilities	11,696,344	9,678,840
Net assets	32,847,611	31,783,125
EQUITY		
Contributed equity	36,615,244	36,615,244
Accumulated losses	(3,767,633)	(4,832,119)
Total equity	32,847,611	31,783,125

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5. Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2013

	Attributable to owners of Australia New Agribusiness & Chemical Group Ltd						Total Entity
	Contributed Equity	Retained Earnings/ (Accumulated losses)	Surplus Reserves	Foreign Currency Translation Reserve	Total Parent	Non- controlling Interests	
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 year							
Profit/(loss) for the year	-	10,858,303	-	-	10,858,303	(67,848)	10,790,455
<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 year	-	10,858,303	-	1,445,110	12,303,413	(67,848)	12,235,565
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)	-	-	-	-
New shares issued resulting from conversion of notes	8,500,000	-	-	-	8,500,000	-	8,500,000
Non-controlling interest in subsidiary disposed	-	-	-	-	-	56,700	56,700
Total transactions with owners in their capacity as owners	8,500,000	780,049	(780,049)	-	8,500,000	56,700	8,556,700
At 31 December 2012	36,615,244	(4,832,119)	-	-	31,783,125	-	31,783,125

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5. Consolidated Statement of Changes in Equity (continued)

For the Period Ended 31 December 2013

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

6. Consolidated Statement of Cash Flows
For the Period Ended 31 December 2013

	12 Months Ended	
	31 December 2013	31 December 2012
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	216,909	299,908
Payments to suppliers and employees	(5,458,257)	(1,988,865)
Interest received	192,459	958,489
Interest paid	(62,391)	(129,247)
NET CASH USED IN OPERATING ACTIVITIES	(5,111,280)	(859,715)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(2,452,130)	(11,438,480)
Proceeds from sale of property, plant & equipment	14,000	-
Payments for investment in associate	(10,952,941)	-
Proceeds on disposal of associate	22,000,000	-
Proceeds on disposal of subsidiary, net of cash disposed	-	10,783,498
Proceeds on loss of control of subsidiary	-	539,700
(Increase)/decrease in term deposits with maturity over three months	(763,067)	7,435,080
Payments for exploration and evaluation assets	(4,614,021)	(24,144,252)
Loan to third parties	(19,200)	(1,000,000)
Loan to related parties	(1,000,000)	-
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	2,212,641	(17,824,454)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	2,205,508	3,200,000
Repayment of borrowings	(1,505,508)	(7,951,977)
Loan from related parties	-	5,315,577
Repayment of loan from related parties	-	(6,060,250)
Loans from third parties	58,122	23,400,000
Repayment of loan from third parties	(1,849,725)	-
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES	(1,091,603)	17,903,350
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,990,242)	(780,819)
Effects of exchange rate changes on the balance of cash held in foreign currency	-	311
Cash and cash equivalents at beginning of the year	14,849,606	15,630,114
CASH AND CASH EQUIVALENTS AT END OF YEAR	10,859,364	14,849,606

7. Net tangible assets per ordinary share

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security (excluding minority interest)*	\$0.16	\$0.15

8. Dividends

No dividend for the year ended 31 December 2013 has been declared or paid to shareholders.

9. Dividend/distribution reinvestment plan

No dividend/distribution reinvestment plan for the financial year ended 31 December 2013.

10. Details of controlled entities

10.1 Name of entity (or group of entities) over which control was gained	Nil
10.2 Name of entity (or group of entities) over which control was lost	N/A
10.3 Date control was lost	N/A
10.4 The contribution of such entities to the reporting entity's profit from ordinary activities during the period	N/A
The profit or loss of such entities during the whole of the previous corresponding period	N/A

11. Details of associates and joint venture entities

Equity accounted Associates as of 31 December 2013: Nil

Equity accounted Associates as of 31 December 2012:

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

During the year ended 31 December 2012 the company sold down its interest in U&D Mining Industry (Australia) Pty Ltd (U&D) to a 49% interest, resulting in U&D changing from a subsidiary to an associate of the company during the year ended 31 December 2012. On 13 November 2013, the Company disposed of all its 49% of shares in U&D.

12. Accountings standards

AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Interpretations have been used in compiling the information in this Appendix 4E.

13. Auditing Status

This report is based on accounts which are in the process of being audited.

14. Other significant information

Refer to commentary on result below.

15. Audit disputes or qualifications

This report is based on accounts which are in the process of being audited.

16. Review of operations

The Company changed its name from Daton Group Australia Ltd to Australia New Agribusiness & Chemical Group Ltd ('New Agri'). The name change represents the Company's intention and aspiration in growing its core business and long term strategies of making New Agri a leading enterprise through superior products and services.

In August 2013, the Company relocated to a new premise in the Brisbane Technology Park precinct at Eight Mile Plains to facilitate ongoing and future growth of the Company. The new office features a larger office space and is equipped with the latest technology and facilities with more room for the Company to expand beyond its current projects and capabilities.

During the past year, the Company's focus was on completing the production line at Apollo Fertiliser Plant in Brisbane, Queensland, and the Company has achieved all major construction, fitout and trial production milestones during 2013 and on budget. Throughout the year, renovations, fittings, civil engineering, and the installation of production equipment on the existing factory have been carried out in anticipation of the large volume production. All these installations were completed on-budget in November 2013.

In conjunction with Apollo Fertiliser Plant and anticipated growth and the its business plan, the Company has increased its management, technical, production and sales personnel and the Company has an additional 9,357 square metres of storage space in Acacia Ridge, which is located close to Apollo Fertiliser Plant. The Company has also imported over 6,000 tonnes of raw materials after the successful trial production in November for the planned production to begin in 2014. When fully operational and on full production capacity, the plant is expected to have an annual output of 200,000 tonnes of compound fertiliser, which will make Apollo a significant producer and supplier of locally produced fertiliser to meet the growing agricultural demands in Australia. The Company has also undertaken sales, marketing and promotional activities in conjunction of the launch of its products.

16. Review of operations (continued)

In January 2013, New Agri entered into a non-binding indicative proposal with Krucible Minerals Ltd (ASX code: KRB) to acquire its phosphate-bearing or potentially phosphate-bearing tenements for a consideration of \$12 million. A sales and purchase agreement was executed on 21 May 2013, and final settlement occurred subsequent to 31 December 2013. The total tenements consist of the Korella trial mining lease, six exploration leases and five exploration applications. It is expected this agreement with Krucible Minerals will provide the Company with a secure supply of phosphate, which is a key component for Apollo Fertiliser's compound fertiliser production.

The Company incorporated U&D Mining Industry Pty Ltd as an investment company the year prior. In 2013 the Company disposed of its shareholdings to China Kunlun International Holding Limited (25%) and Golden Globe Energy Limited (24%) for a total consideration of \$29,452,000. On 29 July 2013, the Company received \$4 million in deposit from both companies, totalling \$8 million. The second payment of \$7 million from each company was received by 9 December 2013. The remaining balance of \$7.5 million will be received within 30 days of U&D's successful listing on ASX, which occurred on 19 February 2014. The profit from the disposal of U&D's shares constitutes a majority of the Company's earnings in 2013. Upon the completion of the transaction, the Company is no longer holding any shares in U&D Mining. The profits from this transaction will be used in New Agri's future growth, including further expansion of Apollo Fertiliser and the exploration of the Company's phosphate project.

17. Outlook and Prospects for 2014

The Apollo Fertiliser Plant anticipates commencing full production during the first quarter in 2014. New Agri intends to establish itself as a trusted manufacturer producing high quality compound fertiliser in the Queensland region and to gradually roll out the sale of its products to other parts of Australia. In 2014 New Agri will continuously focus on the production, sales and marketing of Apollo fertiliser and products.

Following the completion of the acquisition of phosphate assets from Krucible Metals Ltd for a total consideration of \$12 million in January 2014, the Company will have access to phosphate, a major ingredient used in the production of compound and other fertiliser products. The Company intends to invest approximately \$2.5 million for mining and exploration each quarter. The planned production on these tenements will begin in June 2014 with an estimated monthly output of 50,000 tonnes of phosphate rock. The Company will utilise the phosphate produced for its Apollo Fertiliser's production and the sale of the balance to the market.

17. Outlook and Prospects for 2014 (continued)

The Company has also incorporated Australia Mercury Glass Pty Ltd in late 2013, a glass manufacturing company located in Acacia Ridge. Mercury Glass started its operation on 2 January 2014. It is a dynamic company with an experienced management team and highly skilled staff. The Company is expected to see immediate returns on this investment.