

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES

ABN 74 142 976 065

HALF-YEAR REPORT ENDED 30 JUNE 2015

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Australia New Agribusiness & Chemical Group Ltd – Half Year Report

CORPORATE DIRECTORY

Australia New Agribusiness & Chemical Group Ltd ACN 142 976 065

Directors

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

Company Secretary

Ms Yi Yang

Registered Office

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

Mailing Address

PO Box 4745
Eight Mile Plains, Brisbane QLD 4113

Principal Place of Business in Australia

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

Bankers

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

Commonwealth Bank
Sunnybank Plaza
358 Mains Road Sunnybank QLD 4109

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

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

Share Registrar

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

Auditors

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

Internet Address

www.newagri.com.au (English Website)

Australia New Agribusiness & Chemical Group Ltd

– Half Year Report

Appendix 4D

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

Name of entity

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD

ABN

ABN 74 142 976 065

Reporting period

Half Year ended 30 June 2015

Previous corresponding period

Half Year ended 30 June 2014

1. Results for Announcement to the Market

Revenue from continuing operations	Up	69%	to	\$2,388,661
Loss from ordinary operations after income tax attributable to members	Down	78%	to	\$2,619,812
Net loss for the period attributable to members	Down	78%	to	\$2,619,812
Net tangible asset value per share		As at 30 June 2015		\$0.11
		As at 31 December 2014		\$0.09

2. Review of Operations

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

3. Details of Controlled Entities

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

4. Details of Associates and Joint Venture Entities

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

5. Dividends

No dividend was paid or proposed for the half year ended 30 June 2015.

6. Audit Disputes or Qualifications

There are no audit disputes or qualifications.

7. Accounting Standards

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

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES

ABN 74 142 976 065

**Consolidated Financial Statements
For the Half Year Ended 30 June 2015**

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Directors' Report

30 June 2015

1. General Information

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

Mr Jun Xiao
Mr Yinan Zhang
Mr Yiming Cui
Mr James Naiming Li
Mr Kai Cheng

2. Business Review

Apollo Fertiliser Queensland Pty Ltd ("Apollo Fertilier", a subsidiary of Australia New Agribusiness & Chemical Group Ltd, "New Agri Group") started the manufacturing of its compound fertiliser product in 2014, with sales to distributors in the last quarter of the year.

Apollo Fertiliser's distributor network now extends from Armidale in northern New South Wales, to Rockhampton in Central Queensland, with good feedback from local farmers and businesses. The company is working with experts in the agricultural field to expand the distribution of its products further afield, in addition to a view to move into industries with a higher-volume demand of the product.

Since incorporating Australia Mercury Glass Pty Ltd at the end of 2013, the Group has been investing in the company's steady growth over the past year and a half. In the last six months, Mercury Glass' customer base has expanded significantly, to 80, located between Noosa in southeast Queensland, and northern New South Wales. The company has also added more employees to its operations, including adding a night shift to its existing daytime production schedule to keep up with demand. Mercury Glass has also added two new trucks to its fleet of vehicles to better service its customers. In addition, the company has developed a new double-glazed glass product, to complement to its existing line of mirrors and low-e glass. Currently, Mercury Glass offers the aforementioned products, as well as services such as clear and tinted floating or toughening, clear and tinted lamination, and spray painting, previously outsourced.

On 16 January 2014, New Agri Group completed the sales and purchase agreement with Krucible Minerals Ltd (ASX: KRB) for all of Krucible's phosphate-bearing and potentially phosphate-bearing tenements. The total tenements consist of the Korella trial mining lease, six exploration leases and five exploration applications. On 10 July 2015, New Agri via its subsidiary company, Australia Venus Phosphate Fertiliser Pty Ltd (Venus) entered into a Services Agreement with Watkins Contracting Pty Ltd (Watkins) for Watkins to commence the trial pit mining on Korella Mining Lease (Permit Number EPML00975013). The mining operations for the Trail Pit has started on 1 August 2015 and hopefully to be completed within 6 weeks. The phosphate product mined during this period will be provided to our customers as the test samples. Currently the group are waiting for 600,000 tons phosphate production approval on Korella Mining Lease.

Directors' Report (Continued)

30 June 2015

2. Business Review (continued)

In the last six months to 30 June 2015, Venus received part of the shareholder investment for the total value of \$5,000,000 and shares were subsequently issued to these parties. As at 30 June 2015, New Agri hold 72% of shares, with 16% owned by ZLD International Holdings Limited (ZLD), 8% owned by BAO Industry Pty Ltd (BAO), 4% owned by Liu Investments NZ Limited (LIU).

Review of Financials

The Group incurred a loss of \$2,619,812 in the first six months of 2015, compared to a loss of \$11,875,606 in the same period of 2014. This was mainly due to the provision raised in the first six months of 2014 for \$7,452,000 receivable owed from the disposal of the Group's 49% interest in U&D Mining Industry (Australia) Pty Ltd (U&D). U & D was delisted from Australian Securities Exchange (ASX) on 17 June 2015. New Agri received notification from Kunlun and Golden Globe indicating that they are unable to repay the debt and that they will not be returning the 40 million U & D shares. New Agri chose not to pursue the security due to the fact that the cost of pursuing the security will outweigh the value of the shares that the security is over.

Outlook and prospects for second six months of 2015

New Agri Group will be looking at consolidating the operations of Apollo Fertiliser in the next six months. The company will continue to produce and sell its products to horticultural industries in Queensland and New South Wales, with an emphasis on locally manufactured compound fertilisers. Apollo Fertiliser will also be using an advertising and marketing push to reach more potential customers in its existing and future service regions.

The management team at Apollo Fertiliser is looking at the possibility of altering its current line of products sold as the company continues to improve on its existing formulas, as well as with the intention of facilitating a larger range, for an expansion of its client base.

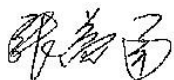
With fertiliser demand showing no signs of slowing, and the recent trade agreements signed, it is expected Apollo Fertiliser will continue to provide the market with a high quality range of products.

3. Auditor's Independence Declaration

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

Directors' Report (Continued)
30 June 2015

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: 31th August 2015



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

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

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

As lead auditor for the review of Australia New Agribusiness & Chemical Group Ltd for the half-year ended 30 June 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to be 'A J Whyte', written over a circular scribble.

A J Whyte
Director

BDO Audit Pty Ltd

Brisbane, 31 August 2015

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Half-Year Ended 30 June 2015

	Note	CONSOLIDATED	
		Half-Year ended 30 June 2015 \$	Half-Year ended 30 June 2014 \$
Revenue from continuing operations		2,388,661	1,415,157
Cost of sales		(2,251,493)	(931,547)
Gross profit		137,168	483,610
Other income		5,500	66,343
Distribution expenses		(410,576)	(147,280)
Marketing expenses		(136,700)	(62,348)
Administration expenses		(1,248,412)	(1,784,339)
Occupancy expenses		(761,723)	(535,046)
Finance costs		(187,783)	(145,997)
Other expenses	4	(17,286)	(9,808,841)
Loss before income tax expense		(2,619,812)	(11,933,898)
Income tax benefit		-	58,292
Loss from continuing operations		(2,619,812)	(11,875,606)
Net loss for the period		(2,619,812)	(11,875,606)
Total comprehensive loss for the period		(2,619,812)	(11,875,606)
Loss is attributable to			
Non-controlling interests		(763)	-
Owners of Australia New Agribusiness & Chemical Group Ltd		(2,619,049)	(11,875,606)
Total comprehensive(loss)/income for the year is attributable to		(2,619,812)	(11,875,606)
attributable to			
Non-controlling interests		(763)	-
Owners of Australia New Agribusiness & Chemical Group Ltd		(2,619,049)	(11,875,606)
		(2,619,812)	(11,875,606)
Earnings per share		Cents	Cents
Overall operations			
Basic earnings per share		(1.24)	(5.63)
Diluted earnings per share		(1.24)	(5.63)

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 2015

Consolidated Statement of Financial Position
As at 30 June 2015

		CONSOLIDATED	
	Note	30 June 2015	31 December 2014
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		2,231,755	1,043,095
Other financial assets		49,604	422,673
Trade and other receivables	6	1,069,256	1,991,247
Inventories		3,401,599	3,958,286
Other assets		151,154	244,099
Total current assets		6,903,368	7,659,400
Non-current assets			
Property, plant and equipment		6,126,765	6,341,285
Other financial assets		1,580,970	1,407,969
Other assets		246,742	57,357
Exploration and evaluation assets		14,506,364	13,840,345
Total non-current assets		22,460,841	21,646,956
Total assets		29,364,209	21,646,956
LIABILITIES			
Current liabilities			
Trade and other payables		2,934,895	2,206,821
Borrowings		3,013,572	5,008,599
Current tax liabilities		999,115	1,779,085
Other liabilities		67,627	32,652
Total current liabilities		7,015,209	9,027,157
Non-current liabilities			
Borrowings		84,453	62,926
Income tax liabilities		-	331,914
Total non-current liabilities		84,453	394,840
Total liabilities		7,099,662	9,421,997
Net assets		22,264,547	19,884,359
EQUITY			
Contributed equity		36,615,244	36,615,244
Reserves	5	1,680,000	1,840,000
Accumulated losses		(21,349,934)	(18,730,885)
Capital and reserves attributable to owners of Australia New Agribusiness & Chemical Group Ltd		16,945,310	19,724,359
Non-controlling interest	5	5,319,237	160,000
Total equity		22,264,547	19,884,359

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 2015

Consolidated Statement of Changes in Equity
For The Half-Year Ended 30 June 2015

Attributable to owners of Australia New Agribusiness & Chemical Group Ltd

	Contributed Equity	Reserves	Accumulated losses	Total Parent	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$
CONSOLIDATED						
At 1 January 2014	36,615,244	-	(3,767,633)	32,847,611	-	32,847,611
Total comprehensive income for the half-year						
Profit for the period	-	-	(11,875,606)	(11,875,606)	-	(11,875,606)
<i>Other comprehensive income</i>	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(11,875,606)	(11,875,606)	-	(11,875,606)
Transactions with owners in their capacity as owners	-	-	-	-	-	-
At 30 June 2014	36,615,244	-	(15,643,239)	20,972,005	-	20,972,005
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 half-year						
Loss for the period	-	-	(2,619,049)	(2,619,049)	(763)	(2,619,812)
<i>Other comprehensive income</i>	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,619,049)	(2,619,049)	(763)	(2,619,812)
Transactions with non-controlling interests		(160,000)	-	(160,000)	5,160,000	5,000,000
Transactions with owners in their capacity as owners	-	(160,000)	-	(160,000)	5,160,000	5,000,000
At 30 June 2015	36,615,244	1,680,000	(21,349,934)	16,945,310	5,319,237	22,264,547

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 2015

Consolidated Statement of Cash Flows
For The Half-Year Ended 30 June 2015

	CONSOLIDATED	
	Half-Year ended 30 June 2015	Half-Year ended 30 June 2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,234,393	992,146
Payments to suppliers and employees	(4,125,927)	(3,145,361)
Interest received	16,875	68,158
Interest paid	(98,735)	-
Income tax paid	(1,111,884)	(223,156)
R&D tax incentive received	-	48,903
NET CASH USED IN OPERATING ACTIVITIES	(3,085,278)	(2,259,310)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/ decrease in term deposits over 3 months	200,068	(19,395)
Purchase of property, plant & equipment	(199,056)	(492,045)
Proceeds from sale of property, plant and equipment	181	6,200,000
Payments for exploration and evaluation assets	(660,106)	(8,955,101)
Payments for a deposit on exploration and evaluation assets	-	-
Loans repaid by other entities	-	1,000,000
Loans to other entities	(30,000)	-
NET CASH USED IN INVESTING ACTIVITIES	(688,913)	(2,266,541)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(2,000,000)	-
Payment of finance lease liabilities	(6,886)	-
Loans from other related parties	-	250,000
Loans from third party loans	639,737	-
Repayment of third party loans	-	(158,122)
Transactions with non-controlling interests	6,330,000	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	4,962,851	91,878
NET INCREASE/ (DECREASE) IN CASH HELD	1,188,660	(4,433,973)
Cash and cash equivalents at beginning of the period	1,043,095	10,859,364
CASH AT END OF PERIOD	2,231,755	6,425,391

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 2015

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

These general purpose financial statements for the half-year reporting period ended 30 June 2015 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and *Corporations Act 2001*.

The historical cost basis has been used.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 31 December 2014 and any public announcements made by Australia New Agribusiness & Chemical Group Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2015 affected any of the amounts recognised in the current period or any prior period.

a) Going Concern

The consolidated entity incurred a net loss of \$2,619,812 for the half-year ended 30 June 2015. As at 30 June 2015 the consolidated entity has cash reserves of \$2,231,755, a net current asset deficit of \$111,841 and net assets of \$22,264,547. Current cash inflows from operations are forecast to not be sufficient to continue to fund operations and based on current and projected expenditure levels required to meet minimum commitments and operating expenses, management contemplates a capital raising may be required to continue to fund operations.

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

- the ability of the company to raise additional capital in the form of debt or equity;
- the receipt of the next stage of funding in relation to Australia Venus Resource Pty Ltd;
- the ability of the company to meet its forecast sales volumes of fertilizer, glass and phosphate; and
- the continued support of current financiers and shareholders.

These conditions give rise to material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern. The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the consolidated entity has funded its activities through issuance of equity securities or debt and sale of investments and it is expected that the consolidated entity will be able to fund its future activities through further issuances of debt or equity securities;
- The directors expect to receive \$3m in funding for the Australia Venus Resource Pty Ltd phosphate project in September 2015;
- The Apollo Fertilizer plant has been commissioned and has commenced production and sales and these are trending upwards;
- The directors expect that the first sales of phosphate will occur late in the 2015 calendar year; 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.

b) Fair Values

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

**Notes to the Consolidated Financial Statements (Continued)
For The Half-Year Ended 30 June 2015**

c) 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 Apollo Fertilizer Cash-Generating-Unit

In the current half-year the group tested whether the assets associated with the Apollo Fertilizer cash-generating-unit (“CGU”) have suffered any impairment, in accordance with the accounting policy stated in note 1(g) of the 31 December 2014 financial statements. The recoverable amount of the cash-generating units has been determined based on value-in-use calculations. These calculations require the use of assumptions. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. The most significant assumptions used in the value-in-use calculation are shown below:

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

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

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

Forecast sales volumes:

	2015	2016	2017	2018	2019
Tonnes per annum	4,000	9,100	12,700	17,100	20,500

The long term growth rate used is consistent with forecasts included in industry reports. The discount rates used reflects the specific risks relating to this segment. The sales volumes are based on the market for the fertilizer products in Queensland, the forecast market penetration of Apollo fertilizer and the capacity of the plant.

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

**AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2015**

Note 2: Segment Information

(a) Description of segment

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

For the period ended 30 June 2015 management currently identifies that the Group has the following reportable segments:

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

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

Phosphate Tenements: Exploration and evaluation of phosphate tenements

Segment information provided to the board of directors for the period ended 30 June 2015 is as follows:

30 June 2015	Glass Processing	Compound Fertilizer Apollo	Phosphate Tenements	Total
	\$	\$	\$	\$
Sales revenue	1,614,171	736,993	-	2,351,164
Total segment revenue from external customers	1,614,171	736,993	-	2,351,164
Unallocated revenues				37,497
Total revenue				2,388,661
Net profit /(loss) after tax	(112,272)	(1,604,282)	-	(1,716,554)
Other				(903,258)
				(2,619,812)
Total segment assets	2,677,587	9,525,442	14,774,830	26,977,859
Cash, cash equivalents				1,800,205
Other Assets				586,145
				29,364,209
Total segment liabilities	559,485	871,605	17,304	1,448,394
Borrowings				3,000,000
Tax liabilities				999,115
Other liabilities				1,652,153
				7,099,662

AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2015

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

Note 2: Segment Information (continued)

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

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

Note 3: Dividends

No dividend was paid or proposed for the half year ended 30 June 2015 (2014: Nil).

Note 4: Other expenses

	Consolidated Half-Year ended 30 June 2015 \$	Half-Year ended 30 June 2014 \$
Net loss on disposal of property, plant and equipment	14,711	2,354,898
Bad and doubtful debts - current receivables	-	7,452,000
Others	2,575	1,943
	17,286	9,808,841

Notes to the Consolidated Financial Statements (Continued)

For The Half-Year Ended 30 June 2015

Note 5: Transactions with Non-controlling interests reserve

	Consolidated	
	30 June 2015	30 June 2014
	\$	\$
Opening balance	1,840,000	-
Transactions with non-controlling interests reserve	(160,000)	-
	<u>1,680,000</u>	<u>-</u>

Transactions with non-controlling interests reserve

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

Non-controlling Interests

	Consolidated	
	30 June 2015	31 December 2014
	\$	\$
Non-controlling interests in:		
Accumulated losses	(763)	-
Share capital	5,320,000	160,000
	<u>5,319,237</u>	<u>160,000</u>

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

In the 6 months to 30 June 2015 the Group has received a further \$5 million investment from third parties in Venus. As at 30 June 2015 the Group holds 72% of Venus and non-controlling interests hold the remaining 28%.

The receipt of this investment has been accounted for in accordance with the accounting policy in Note 1 (b) of the 31 December 2014 financial report.

**AUSTRALIA NEW AGRIBUSINESS & CHEMICAL GROUP LTD AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2015**

Note 6: Trade and other receivables

	Consolidated	
	30 June 2015	31 December 2014
	\$	\$
Trade receivables	969,130	611,743
Other receivables (a)	81,817	7,483,195
Allowance for doubtful debts	-	(7,452,000)
	81,817	31,195
Loans to key management personnel	18,309	1,348,309
	1,069,256	1,991,247

(a) Other receivables

Included in other receivables as at 31 December 2014 was \$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 would be recovered, the total receivable of \$7,452,000 was provided for at 31 December 2014. The Group entered a new Deed of Amendment signed on 12 January 2015 to re-arrange the payment term and conditions. The amended deed including the following conditions:

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

Following the delisting of U&D the Group has written off the receivable from both parties. The Group has chosen not to pursue the security due to the view that the cost of pursuing the security will outweigh the value of the shares that the security is held over. The Group is investigating options in relation to obtaining a refund of the tax paid on the disposal of the U&D shares, however this is at too early a stage to reliably determine the outcome.

Note 7: Equity securities issued

During the half-year ended 30 June 2015, there were no shares issued.

Declaration by Directors

The directors of the company declare that:

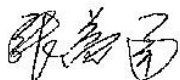
(a) The financial statements and notes set out on pages 11 to 20 are in accordance with the Corporations Act 2001 and:

(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 2015 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: 31th August 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australia New Agribusiness & Chemical Group Ltd

Report on the Half-Year Financial Report

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 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 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter

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

BDO Audit Pty Ltd

BDO



A J Whyte

Director

Brisbane, 31 August 2015