



INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2016

GULF INDUSTRIALS LIMITED
ABN 13 115 027 033
& CONTROLLED ENTITIES

DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated entity for the half-year ended 31 December 2016.

DIRECTORS

The names of the directors who held office during or since the end of the half-year:

	Date Appointed	Date Resigned
W Kernaghan	30 June 2005	-
A Karam	31 October 2014	-
J Arkoudis	31 October 2014	-

REVIEW & RESULTS OF OPERATIONS

Gulf Industrials is an African focused explorer and industrial mineral developer.

The principal activities of the consolidated group during the financial period were mining, mine development, mineral exploration and seeking mining opportunities.

The net loss for the half-year ended 31 December 2016, after providing for income tax amounted to \$605,413 (31 December 2015: loss of \$86,974).

EXPLORATION

The Company continued work on its limestone project in Madagascar during the reporting period and is in the process of arranging the drilling program recommended by SRK Exploration Services Ltd in their report released to the ASX on 19 May 2016. .

The Company continued seek other mining opportunities in Africa in various commodities in particular for gold in Ghana. More particularly, the Company focused on a due diligence exercise in relation to the joint venture earn-in announced to the market on 25 January, 2017.

EVENTS SUBSEQUENT TO REPORTING DATE

There are no known events subsequent to balance date that would have a material effect on these financial statements other than:

- On 25 January 2017 the company announced it had entered into a project earn-in and joint venture with Cassius Mining Limited into a gold exploration project in Bolgatanga, Ghana.
- On 13 February 2017 the company completed a private placement of \$6,700,000 with the issue of 837.5 million shares at \$0.008 each.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporation's Act 2001 is set out on page 2 for the half year ended 31 December 2016.

This report is signed in accordance with a resolution of the Board of Directors:



Wayne Kernaghan
Director
Sydney,
1 March 2017



A D Danieli Audit Pty Ltd

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Audit & Assurance Services

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF GULF INDUSTRIALS LIMITED
A.B.N. 13 115 027 033
AND CONTROLLED ENTITIES**

I declare that, to the best of our knowledge and belief, during the half year ended 31 December 2016, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporation Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A D DANIELI AUDIT PTY LTD

**Sam Danieli
Director**

Sydney, 1 March 2017

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	NOTE	Consolidated Half year Ended 31 Dec 2016 \$	Consolidated Half year Ended 31 Dec 2015 \$
Revenue	2	11,803	22,093
Exploration expenditure written off	2	(446,123)	(25,970)
Depreciation	2	(5,684)	-
Other expenses		(165,409)	(83,097)
Profit / (Loss) before income tax		(605,413)	(86,974)
Income tax expense		-	-
Net profit /(loss) for the period attributable to members of the parent entity		(605,413)	(86,974)
Other comprehensive income			
Exchange differences on translating foreign controlled entities		-	-
Other comprehensive income/(loss) for the period, net of tax		-	-
Total comprehensive income/(loss) for the period attributable to members of the parent entity		(605,413)	(86,974)
Basic profit/(loss) per share attributable to ordinary equity holders of the parent (cents per share)		(0.00)	(0.00)
Diluted profit/(loss)per share attributable to ordinary equity holders of the parent (cents per share)		(0.00)	(0.00)

(The accompanying notes form part of these financial statements)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	Consolidated as at 31 Dec 2016 \$	Consolidated as at 30 Jun 2016 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,675,956	3,315,757
Trade and other receivables	4	1,717	21,516
TOTAL CURRENT ASSETS		<u>2,677,673</u>	<u>3,337,273</u>
NON-CURRENT ASSETS			
Plant & equipment		97,665	-
Exploration expenditure	5	917,456	917,456
TOTAL NON-CURRENT ASSETS		<u>1,015,121</u>	<u>917,456</u>
TOTAL ASSETS		<u>3,692,794</u>	<u>4,254,729</u>
CURRENT LIABILITIES			
Trade and other payables	6	52,892	24,414
TOTAL CURRENT LIABILITIES		<u>52,892</u>	<u>24,414</u>
TOTAL LIABILITIES		<u>52,892</u>	<u>24,414</u>
NET ASSETS		<u>3,639,902</u>	<u>4,230,315</u>
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	7	35,770,946	35,755,946
Reserves	8	920,000	920,000
Accumulated losses		(33,051,044)	(32,445,631)
TOTAL EQUITY		<u>3,639,902</u>	<u>4,230,315</u>

(The accompanying notes form part of these financial statements)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2015	<u>35,535,721</u>	<u>1,790,200</u>	<u>(32,990,317)</u>	<u>4,335,604</u>
<i>Comprehensive income for the period</i>				
Loss for the period	-	-	(86,974)	(86,974)
Options expired	-	(870,200)	870,200	-
<i>Other comprehensive income</i>				
Exchange differences on translating foreign controlled entities	-	-	-	-
<i>Transaction with owners in their capacity as owners</i>				
Issue of share capital	220,225	-	-	220,225
Share issue expense	-	-	-	-
Balance at 31 December 2015	<u>35,755,946</u>	<u>920,000</u>	<u>(32,207,091)</u>	<u>4,468,855</u>
 Balance at 1 July 2016	 <u>35,755,946</u>	 <u>920,000</u>	 <u>(32,445,631)</u>	 <u>4,230,315</u>
<i>Comprehensive income for the period</i>				
Loss for the period	-	-	(605,413)	(605,413)
<i>Other comprehensive income</i>				
Exchange differences on translating foreign controlled entities	-	-	-	-
<i>Transaction with owners in their capacity as owners</i>				
Issue of share capital	15,000	-	-	15,000
Share issue expense	-	-	-	-
Balance at 31 December 2016	<u>35,770,946</u>	<u>920,000</u>	<u>(33,051,044)</u>	<u>3,639,902</u>

(The accompanying notes form part of these financial statements)

**CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Consolidated Half year Ended 31 Dec 2016 \$	Consolidated Half year Ended 31 Dec 2015 \$
<u>Cash flows from Operating Activities</u>		
Interest received	11,803	22,093
Payments to suppliers and employees	(563,255)	(200,261)
Net Cash used in Operating Activities	(551,452)	(178,168)
 <u>Cash flows from Investing Activities</u>		
Payments for plant & equipment	(103,349)	-
Net Cash provided by Investing Activities	(103,349)	-
 <u>Cash flows from Financing Activities</u>		
Proceeds from share issues (Net of expenses)	15,000	220,225
Net Cash provided by Financing Activities	15,000	220,225
 Net increase (decrease) in cash held	(639,801)	42,057
Cash and cash equivalents at beginning of the period	3,315,757	3,509,158
Cash and cash equivalents at end of the period	2,675,956	3,551,215

(The accompanying notes form part of these financial statements)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Basis of Preparation

The half-year consolidated financial statements of Gulf Industrials Ltd are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting and other Australian Accounting Standards which ensure compliance with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Gulf Industrials Limited and its controlled entities (the group).

It is recommended that this financial report be read in conjunction with the annual financial report of the group for the year ended 30 June 2016 and any public announcements made during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2016 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

New and Amending Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the half year report are consistent with those followed in the preparation of the consolidated entity's annual financial statements for the year ended 30 June 2016, except for the mandatory adoption of new standards and interpretations. The adoption of these standards and interpretations did not have any material impact on the financial position or the performance of the Group.

Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The Directors are aware that the Group's ability to continue as a going concern, and its ability to pay its debts as and when they fall due, is largely dependent on successfully managing its short to medium term liquidity position.

2. Loss Before Income Tax has been Determined After:

Consolidated Half year Ended 31 Dec 2016 \$	Consolidated Half year Ended 31 Dec 2015 \$
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The following revenue and expense items are relevant in explaining the financial performance for the interim period:

(a) Revenue and other income

Interest from other persons

11,803	22,093
11,803	22,093

(b) Charging as expense:

Depreciation

Exploration expenditure written off

5,684	-
<u>446,123</u>	<u>25,970</u>

	Consolidated as at 31 Dec 2016 \$	Consolidated as at 30 Jun 2016 \$
3. Cash and Cash Equivalents		
Cash at bank and in hand	2,675,956	3,315,757
	2,675,956	3,315,757
Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the Statement of Financial Position as above.		
	Consolidated as at 31 Dec 2016 \$	Consolidated as at 30 Jun 2016 \$
4. Trade and Other Receivables		
Trade receivables	-	-
Other receivables	1,717	21,516
	1,717	21,516
	Consolidated as at 31 Dec 2016 \$	Consolidated as at 30 Jun 2016 \$
5. Exploration Expenditure		
Opening balance	917,456	917,456
Expenditure for the period	-	-
Closing balance	917,456	917,456
	Consolidated as at 31 Dec 2016 \$	Consolidated as at 30 Jun 2016 \$
6. Trade and Other Payables		
Current		
Trade creditors	52,892	24,414
	52,892	24,414

7. Issued Capital

	Consolidated as at 31 Dec 2016 \$		Consolidated as at 30 Jun 2016 \$	
Ordinary shares (issued and fully paid) 2,734,946,452 (30 June 2016: 2,727,446,452)			35,770,946	35,755,946
	31 Dec 2016 No. of Shares	31 Dec 2016 \$	30 Jun 2016 No. of Shares	30 Jun 2016 \$
Movements in issued shares for the half year:				
Beginning of the financial period	2,727,446,452	35,755,946	2,662,390,062	35,535,721
03/07/15 issued at 0.002 cents options exercised	-	-	10,000,000	20,000
14/07/15 issued at 0.002 cents options exercised	-	-	10,000,000	20,000
14/07/15 issued at 0.004 cents	-	-	45,056,390	180,225
30/09/16 issued at 0.002 cents options exercised	7,500,000	15,000	-	-
Less share issue expenses	-	-	-	-
	<u>2,734,946,452</u>	<u>35,770,946</u>	<u>2,727,446,452</u>	<u>35,755,946</u>

8. Reserves

	Consolidated as at 31 Dec 2016 \$	Consolidated as at 30 Jun 2016 \$
Share Option Reserve	920,000	920,000
	<u>920,000</u>	<u>920,000</u>
(i) Share Option Reserve		
This relates to the recognition on the issue of options.		
Beginning of the financial period	920,000	1,790,200
Options expired	-	(870,200)
End of the financial period	<u>920,000</u>	<u>920,000</u>

9. Operating Segments

The consolidated entity operates in two business segments being industrial minerals development and mineral exploration, in two geographical locations, being Australia and Africa.

The operating segment analysis presented in these financial statements reflects operations analysis by business. It best describes the way the Company is managed and provides a meaningful insight into the business activities of the Company.

(a) The following tables present details of revenue and operating profit by business segment. The information disclosed in the tables below is derived directly from the internal financial reporting system used by corporate management to monitor and evaluate the performance of our operating segments separately.

				Total
2016	Industrials	Mineral	Corporate	Consolidated
For the half year ended	Minerals	Exploration		Group
31 December 2016	Development			
	\$	\$	\$	\$
Revenue from external customers	-	-	-	-
Interest & other	-	-	11,803	11,803
Total segment revenue	-	-	11,803	11,803
Reportable segment profit/(loss) before income tax	-	(446,123)	(159,290)	(605,413)
Reportable Segment Assets as at 31 December 2016	-	1,015,121	2,677,673	3,692,794

2015	Industrials	Mineral	Corporate	Consolidated
For the half year ended	Minerals	Exploration		Group
31 December 2015	Development			
	\$	\$	\$	\$
Revenue from external customers	-	-	-	-
Interest & other	-	-	22,093	22,093
Total segment revenue	-	-	22,093	22,093
Reportable segment profit/(loss) before income tax	-	(25,970)	(61,004)	(86,974)
Reportable Segment Assets as at 31 December 2015	-	917,456	3,552,053	4,469,509

(b) Assets by geographical region

	31 Dec 2016	31 Dec 2015
Australia	2,677,673	3,552,053
Africa	1,015,121	917,456
Total Assets	3,692,794	4,469,509

10. Contingent Liabilities

There is \$420,000 is outstanding in respect of the purchase of the company that holds the limestone deposit in Madagascar. This amount is payable when the first commercial shipment of limestone from the project has occurred.

There are no other known contingent liabilities.

11. Events Subsequent to Reporting Date

There are no known events subsequent to balance date that would have a material effect on these financial statements other than:

- On 25 January 2017 the company announced it had entered into a project earn-in and joint venture with Cassius Mining Limited into a gold exploration project in Bolgatanga, Ghana.
- On 13 February 2017 the company completed a private placement of \$6,700,000 with the issue of 837.5 million shares at \$0.008 each.

12. Fair Value Measurement

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follow, and based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly observable).

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The following table represents a comparison between the carrying amounts and fair values of assets and liabilities:

	Level	As at 31 December 2016		As at 30 June 2016	
		Carrying amount	Fair value	Carrying amount	Fair value
		\$	\$	\$	\$
Assets					
Cash & cash equivalents	1	2,675,956	2,675,956	3,315,757	3,315,757
Trade & other receivables	1	1,717	1,717	21,516	21,516
Plant & equipment	1	97,665	97,665	-	-
Exploration Expenditure	1	917,456	917,456	917,456	917,456
Liabilities					
Trade & other payables	1	52,892	52,892	24,414	24,414

The assets and liabilities of the Company are recognised in the consolidated statements of financial position in accordance with the accounting policies set out in Note 1 of the Annual Report.

The Company considers that the carrying amount of assets and liabilities recognised in the consolidated financial statements approximate to their fair value

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes as set out on pages 3 to 12 are in accordance with The Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and other Australian Accounting Standards, which as stated in accounting policy Note 1 to the financial statements constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - (b) giving a true and fair view of the economic entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
2. 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.



Wayne Kernaghan
Director
Sydney
1 March 2017



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**Independent Auditor's Report
To the Members of Gulf Industrials Limited and Controlled Entities
A.B.N. 13 115 027 033**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year consolidated financial report of Gulf Industrials Limited and controlled entities (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The Directors of Gulf Industrials Limited (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 gives a true and fair view and 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 31 December 2016 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 Gulf Industrials Limited and controlled entities, 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 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.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the company for the half-year ended 31 December 2016 included on the website of Gulf Industrials Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

Liability limited by a scheme approved under Professional Standards Legislation

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 Gulf Industrials Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Conclusions

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 Gulf Industrials Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A D DANIELI AUDIT PTY LTD



Sam Danieli
Director

Sydney, 1 March 2017

