

1. Company details

Name of entity:	ASF Group Limited
ABN:	50 008 924 570
Reporting period:	For the year ended 30 June 2017
Previous period:	For the year ended 30 June 2016

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	down	21.6% to	877
Loss from ordinary activities after tax attributable to the owners of ASF Group Limited	up	28.0% to	(19,530)
Loss for the year attributable to the owners of ASF Group Limited	up	28.0% to	(19,530)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax and non-controlling interest amounted to \$19,530,000 (30 June 2016: \$15,253,000).

Refer to the attached Operating and Financial Review for detailed commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.06	(0.53)

4. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
China Coal Resources Pty Ltd	25.00%	25.00%	-	(183)
Rey Resources Limited	16.31%	17.47%	(93)	(703)
ActivEX Limited	19.62%	18.93%	(122)	(179)
Key Petroleum Ltd*	19.27%	-	(101)	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			(316)	(1,065)
Income tax on operating activities			-	-

*Key Petroleum Ltd became an associate in February 2017.

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements are currently being audited and an unqualified opinion is expected to be issued.

6. Attachments

Details of attachments (if any):

The Operating and financial review and Preliminary Financial Report of ASF Group Limited for the year ended 30 June 2017 is attached.

7. Signed

A handwritten signature in black ink, appearing to be "Min Yang", written over a horizontal line.

Signed _____

Date: 31 August 2017

Min Yang
Chairman

Financial results and commentary

Revenue from continuing operations of ASF Group Limited ('the company') and its controlled entities (referred to hereafter as the 'Group') for the year ended 30 June 2017 was \$877,000 (2016: \$1,119,000). The Hope Island project in the Gold Coast continued to provide revenue contributions to the Group. Sales and marketing of the project are progressing strongly. With the release of Stage II which comprises 17 townhouses and 40 apartments, further revenue is expected from the project in upcoming years.

During the year, the Group disposed of its investment in Metaliko Resources Limited ('MKO') and Echo Resources Limited (merged with MKO in January 2017) which generated a profit of approximately \$1.1 million for the financial year. Together with the increase in fair value recognised in prior years, the investment has provided a total of approximately \$2.8 million in profit to the Group since 2014 and represented a total return of approximately 58% on the realisation of this investment.

In years ahead, the Group will continue to realise its mature investments in order to drive increased shareholder value while providing positive contributions to the Group's results.

Due to the rebound in share prices of its listed investments, the Group recorded an increase in fair value of \$1.4 million and a write back of past impairments of \$2 million of investments in listed companies.

Consolidated loss after tax attributable to members of the Group amounted to \$19,530,000 (2016: \$15,253,000), which was attributed to the following:

- Significant impairment for the Gold Coast Integrated Resort ('GCIR') project of \$12,085,000 due to the unilateral termination of the process by the Queensland Government;
- Write-off of tenement assets of \$1,392,000;
- Preliminary expenses for the UK projects of approximately \$2,593,000; and
- Interest expenses and other finance costs of \$1,863,000.

Financial position

In June 2017, the company successfully completed its 1 for 8 rights issue raising \$12,052,000 of capital. As a result, the Group maintained a strong cash balance of \$17,669,000 as of 30 June 2017.

With the continuing support from Star Diamond Developments Limited ('Star Diamond'), the company obtained two convertible loans during the year for \$5 million and \$10 million respectively, of which a total of \$11 million had been drawn down.

In June 2017, the company restructured its debt holdings and reached further agreement with all noteholders for the extension of outstanding convertible loans to 1 March 2019.

Finance costs amounted to \$1,863,000 (2016: \$805,000) represented principally by interest on the convertible loan facilities.

Net assets as at 30 June 2017 were \$4,689,000, compared to \$12,447,000 at 30 June 2016. The significant decrease in net assets was predominantly due to impairment of the GCIR project costs as a result of the unilateral termination of the process by the Queensland Government.

During the financial year, the company bought back 477,831 shares at a cost of \$98,000. On 26 April 2017, the Company announced the extension of its buyback program for a further 12 months from 10 May 2017.

Principal Investments

ActivEX Limited ('AIV')

AIV is an ASX listed mineral exploration company holding a number of prospective tenements, principally targeting copper-gold and gold mineralisation in Queensland. AIV also holds a potash project in Western Australia, which has an established resource and a granted mining lease.

In January 2017, the Group subscribed for 4,375,000 AIV shares by way of private placement at a price of \$0.08 per share. The Group currently holds 19.62% of AIV with a market value of \$6.95 million, compared with its book value of \$1.7 million as at 30 June 2017.

Rey Resources Limited ('REY')

REY is an ASX listed resource exploration and development company with a large tenement holding in the Canning Basin, Western Australia in oil & gas plus coal. The principal activity of REY is exploring for and developing energy resources in Western Australia's Canning Basin. As at 30 June 2017, the Group held 16.31% of REY with a market value of \$6.93 million as at 30 June 2017.

Key Petroleum Limited ('KEY')

KEY is an ASX listed Australian oil and gas operating company focused on exploration in conventional and unconventional projects in the North Perth and the Canning Basin in Western Australia. Acreage within the Canning Basin portfolio consists of a number of exciting development and exploration opportunities.

In February 2017, the Company, through its wholly owned subsidiary ASF Oil & Gas Holdings Pty Ltd, subscribed for 80 million additional shares by way of private placement at a price of \$0.004 per share and now holds 19.27% of the issued capital of KEY with market value of \$2.87 million as at 30 June 2017 compared to its book value of \$1,969,000 as at 30 June 2017.

Kaili Resources Limited ('KLR')

KLR is a resources exploration company which holds one Coal tenement in Queensland, three Iron and five Gold tenements in Western Australia. As of 30 June 2017, the Group held 2.24% of the issued capital of KLR.

Civil & Mining Resources Pty Ltd ('CMR')

Civil & Mining Resources, trading as CMR Coal, is a privately owned company with a substantial coal tenement portfolio in Queensland. CMR's tenements are located throughout all the major coal-bearing basins in Queensland and are situated in close proximity to operating mines, infrastructure and proven economic coal resources. The major assets of the company comprise 14 Exploration Permits for Coal (EPCs) and one Mineral Development Licence (MDL) in Queensland. CMR has successfully completed 42 boreholes on their key project Dawson West (EPC 2427, 2426 & MDL 521), with a total of 10,210m drilled, being geo-physically logged and selectively cored, sampled and analysed, and which has confirmed export quality thermal coal resources with potentially mineable thickness seams extending into unexplored areas.

A recent drilling program on the Dawson West Project, conducted by CMR Coal in conjunction with JV partners LD Operations, has confirmed the continuation of targeted coal seams along the south eastern striking sub-crop line, well beyond previous resource boundaries. The drilling program commenced on November 2016 and was completed in January 2017, comprising of 13 open holes and 4 partially cored holes, totalling 17 holes and 2,642m drilled.

CMR Coal plans to lodge a bulk sample application over MDL 521 and continue field exploration southwards into EPC 2426 targeting the Moolaymeber Coals further east, west and south. Scope for significant increases in tonnage exists across substantial unexplored areas. The extent of the coal-bearing sequence on the tenement is >60km east-west and >35km north-south.

Minerals and Resources

ASF Coal Pty Limited ('ASF Coal')

ASF Coal holds 5 Exploration Permits for Coal (EPCs) in South East Queensland, being EPC1861 (Mt Hope), EPC2094 (Glenrowan), EPC2110 (Cooyar Creek), EPC2208 (Taroom 2) and EPC1982 (McAllister). The tenements are current until 2018/2020 respectively.

All tenements are prospective for thermal coal. ASF Coal is currently reviewing all coal tenements to select the highest priority drilling targets. All tenements have been fully impaired.

Property Marketing and Services

ASF Properties Pty Ltd ('ASFP'), a wholly-owned subsidiary of the company, continues to provide international property and marketing services to investors in Australia and China. It represents an important strategic platform for China-based investors to access the Australian real estate market.

Since 2015, ASFP has undertaken a development management role on a waterfront development project named 'The Peninsula, Hope Island' and situated at Hope Island, Gold Coast. The Peninsula Hope Island, which includes 45 House lots, 27 Townhouses and 115 Apartments across three buildings, is Gold Coast's very last waterfront development released at the exclusive Hope Island Resort. The project is master planned by AECOM, a premier, fully integrated professional and technical services firm positioned to design, build, finance and operate infrastructure assets around the world for public and private-sector clients. ASFP is also working extensively on the project with a number of domestic professional companies relating to project management, architecture, landscaping and building etc. During the period, a marketing campaign has been launched and approximately 87% of the properties under Stage I, which comprises the housing lots, have been sold. Stage II of the project includes 17 townhouses and one block of 40 apartments were also released. Currently, approximately 88% of the Stage II townhouses have been sold, and 5 apartments were sold. It is expected that the settlement of the Stage II townhouses will take place in September 2017 and the project will continue to provide revenue contribution to ASFP in the year ahead.

Fund Management and Advisory Services

ASF Capital Pty Ltd ('ASF Capital') is to facilitate the Group's core strategy of participating in the two way capital flows between Australia and China. ASF Capital assists in providing services to selected Chinese businesses on matters such as public listing, investment and funds management in Australia.

As of May 2013, ASF Capital has been operating with an Australian Financial Services Licence ('AFSL') to assist Chinese groups in expanding their activities in Australia within the Funds Management Sector. ASF Capital has capability to form any number of tailor-made wholesale funds to capture a diverse array of investment opportunities (including certain infrastructure and real estate) for Chinese enterprises to participate in the Australian market.

ASF Capital formed a Venture Fund in which it will seek to make investment into Australian and overseas early stage innovative technologies and platforms. ASF Capital also can market selective international and domestic funds to the Australian investor markets.

ASF Capital is in discussion with strategic partners to develop a number of opportunities in fund management and marketing cooperation.

Gold Coast Integrated Resort, Queensland

On 4 August 2015, Minister Anthony Lynham announced an agreement between the State Government and ASF Consortium to commence the process for the development of Gold Coast Integrated Resort ('GCIR') on a five hectare site between SeaWorld and the Versace Hotel.

On 10 May 2016, as per the next phases of the IRD process, a Preliminary Detailed Proposal was submitted by ASF Consortium to the State responding to a request for a preliminary detailed proposal.

Early June 2016, the Preliminary Detailed Proposal was approved by the State's assessment panel. ASF Consortium was currently awaiting the release of a Request for Detailed Proposal.

Mid December 2016, ASF Consortium unveiled with the support of the State Government of Queensland, its latest concept designs for the Gold Coast Integrated Resort. At the same time, the State was to undertake a community consultation for the project and the areas surrounding the project site. This was released on 1 August 2017.

Also on 1 August 2017, Minister Anthony Lynham advised that the Queensland State Government has resolved to terminate the Gold Coast Integrated Resort Development process at the Main Beach area of the Gold Coast, Queensland. ASF Consortium as a result has ceased to be the sole proponent to the Queensland Government for the Gold Coast Integrated Resort.

Over the coming months, ASF is undertaking appropriate next steps in seeking a suitable and equitable conclusion to the matter and is in discussion with the Queensland State Government.

Albert Island, London

The Group was selected as one of two final round bidders to proceed with the Invitation to Participate in Negotiation stage for the development of Albert Island, London, UK. However, the Group was advised by the Greater London Authority on 14 August 2017 that its bid was unsuccessful and the Group is presently the under-bidder on that site.

Castle Green, London

On March 2017, the Group announced that it and the London Borough of Barking & Dagenham ('LBBD') will be working jointly together in assessing the possible development of a major infrastructure project in the Castle Green area, which could include the building of 15,000 new residential dwellings; rerouting of the A13 trunk road and creating commercial buildings of 3,700,000 square feet which will create an estimated 8,000 employment opportunities. The Gross Development value of the project will be approximately A\$9 Billion (on current property values).

The Castle Green project will be transformational for LBBD, bringing considerable social, economic and infrastructure benefits, and will be conducted together with Be First LBBD's local authority regeneration company.

Matters subsequent to the end of the financial year

We note the developments in the GCIR and Albert Island projects set out above and other than that there are no other matters or circumstances that have arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.



ASF Group Limited

ABN 50 008 924 570

Preliminary Financial Report - 30 June 2017

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ASF Group Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017



	Note	Consolidated 2017 \$'000	2016 \$'000
Revenue	1	877	1,119
Other income	2	1,136	1,087
Expenses			
Commission and fee expenses		(387)	(344)
Consultancy expenses		(1,296)	(1,499)
Marketing expenses		(313)	(473)
Employee benefits expense		(2,227)	(2,089)
Depreciation expense	3	(171)	(222)
Impairment reversal/(loss) of investments in associates	3	3,426	(6,411)
Impairment of assets	3	(13,509)	(1,363)
Legal and professional fees		(2,608)	(1,099)
Corporate and administration expenses		(1,427)	(1,123)
Occupancy expenses		(1,245)	(1,342)
Share of profits or losses of associates	3	(316)	(1,065)
Finance costs	3	(1,863)	(805)
Loss before income tax expense		(19,923)	(15,629)
Income tax expense		-	-
Loss after income tax expense for the year		(19,923)	(15,629)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		86	7
Other comprehensive income for the year, net of tax		86	7
Total comprehensive income for the year		<u>(19,837)</u>	<u>(15,622)</u>
Loss for the year is attributable to:			
Non-controlling interest		(393)	(376)
Owners of ASF Group Limited		(19,530)	(15,253)
		<u>(19,923)</u>	<u>(15,629)</u>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(393)	(376)
Owners of ASF Group Limited		(19,444)	(15,246)
		<u>(19,837)</u>	<u>(15,622)</u>
		Cents	Cents
Basic earnings per share	14	(3.23)	(2.53)
Diluted earnings per share	14	(3.23)	(2.53)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated	
		2017 \$'000	2016 \$'000
Assets			
Current assets			
Cash and cash equivalents		17,669	2,497
Trade and other receivables		1,248	181
Other		34	522
Total current assets		<u>18,951</u>	<u>3,200</u>
Non-current assets			
Deposits		394	420
Investments accounted for using the equity method	4	10,598	6,395
Financial assets at fair value through profit or loss	5	99	4,426
Property, plant and equipment	6	362	502
Intangibles	7	4,281	15,639
Total non-current assets		<u>15,734</u>	<u>27,382</u>
Total assets		<u>34,685</u>	<u>30,582</u>
Liabilities			
Current liabilities			
Trade and other payables	8	1,196	1,443
Borrowings	9	20	16,608
Employee benefits		104	84
Total current liabilities		<u>1,320</u>	<u>18,135</u>
Non-current liabilities			
Borrowings	10	<u>28,676</u>	-
Total non-current liabilities		<u>28,676</u>	-
Total liabilities		<u>29,996</u>	<u>18,135</u>
Net assets		<u>4,689</u>	<u>12,447</u>
Equity			
Issued capital	11	113,657	101,703
Reserves	12	(747)	(833)
Accumulated losses		(106,754)	(87,224)
Equity attributable to the owners of ASF Group Limited		<u>6,156</u>	<u>13,646</u>
Non-controlling interest		<u>(1,467)</u>	<u>(1,199)</u>
Total equity		<u>4,689</u>	<u>12,447</u>

The above statement of financial position should be read in conjunction with the accompanying notes

ASF Group Limited
Statement of changes in equity
For the year ended 30 June 2017



Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2015	101,883	(840)	(71,971)	(823)	28,249
Loss after income tax expense for the year	-	-	(15,253)	(376)	(15,629)
Other comprehensive income for the year, net of tax	-	7	-	-	7
Total comprehensive income for the year	-	7	(15,253)	(376)	(15,622)
<i>Transactions with owners in their capacity as owners:</i>					
Share buy-back (note 11)	(180)	-	-	-	(180)
Balance at 30 June 2016	101,703	(833)	(87,224)	(1,199)	12,447
Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2016	101,703	(833)	(87,224)	(1,199)	12,447
Loss after income tax expense for the year	-	-	(19,530)	(393)	(19,923)
Other comprehensive income for the year, net of tax	-	86	-	-	86
Total comprehensive income for the year	-	86	(19,530)	(393)	(19,837)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 11)	12,052	-	-	-	12,052
Share buy-back (note 11)	(98)	-	-	-	(98)
Change in non-controlling interests	-	-	-	125	125
Balance at 30 June 2017	113,657	(747)	(106,754)	(1,467)	4,689

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated	
		2017 \$'000	2016 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		780	919
Payments to suppliers (inclusive of GST)		(10,438)	(7,527)
Interest received		29	103
Interest and other finance costs paid		(595)	-
Net cash used in operating activities		(10,224)	(6,505)
Cash flows from investing activities			
Payments for investment in other financial assets		(2,700)	(438)
Proceeds from sale of investments in other financial assets		7,784	-
Payments for property, plant and equipment	6	(31)	(390)
Payments for intangibles	7	(2,119)	(3,301)
Payments for investment in associates		(670)	(954)
Proceeds from disposal of property, plant and equipment		-	21
Net cash from/(used in) investing activities		2,264	(5,062)
Cash flows from financing activities			
Proceeds from borrowings		11,000	10,000
Proceeds from issue of shares	11	12,052	-
Payments for share buy-backs	11	(98)	(180)
Net cash from financing activities		22,954	9,820
Net increase/(decrease) in cash and cash equivalents		14,994	(1,747)
Cash and cash equivalents at the beginning of the financial year		2,497	4,229
Effects of exchange rate changes on cash and cash equivalents		178	15
Cash and cash equivalents at the end of the financial year		17,669	2,497

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Revenue

	Consolidated	
	2017	2016
	\$'000	\$'000
<i>Sales revenue</i>		
Commission revenue	509	655
Fund management and advisory service	-	110
Corporate services	338	216
	<u>847</u>	<u>981</u>
<i>Other revenue</i>		
Interest	30	103
Other revenue	-	35
	<u>30</u>	<u>138</u>
Revenue	<u>877</u>	<u>1,119</u>

Note 2. Other income

	Consolidated	
	2017	2016
	\$'000	\$'000
Net foreign exchange gain	-	5
Net fair value gain on other financial assets	42	1,082
Net gain on disposal of investments	1,094	-
	<u>1,136</u>	<u>1,087</u>
Other income	<u>1,136</u>	<u>1,087</u>

Note 3. Expenses

	Consolidated	
	2017	2016
	\$'000	\$'000
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	114	158
Plant and equipment	49	55
Motor vehicles	8	9
	<hr/>	<hr/>
Total depreciation	171	222
<i>Impairment (reversal)/loss of investments in associates</i>		
Rey Resources Limited	(1,999)	6,311
ActivEX Limited	(100)	100
Key Petroleum Ltd (ASX: KEY)	(1,327)	-
	<hr/>	<hr/>
Total impairment (reversal)/loss of investments in associates	(3,426)	6,411
<i>Impairment of assets</i>		
Mining exploration and evaluation expenditures	1,392	1,346
Capitalised project costs	12,085	-
Bad debts	32	17
	<hr/>	<hr/>
Total impairment of assets	13,509	1,363
<i>Share of losses of associates</i>		
China Coal Resources Pty Ltd	-	183
Rey Resources Limited	93	703
ActivEX Limited	122	179
Key Petroleum Ltd	101	-
	<hr/>	<hr/>
Total share of losses of associates	316	1,065
<i>Finance costs</i>		
Interest and finance charges paid/payable	1,863	805
	<hr/>	<hr/>
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	1,145	1,158
	<hr/>	<hr/>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	121	121
	<hr/>	<hr/>

Note 4. Non-current assets - investments accounted for using the equity method

	Consolidated	
	2017	2016
	\$'000	\$'000
Rey Resources Limited (ASX: REY)	6,933	5,027
ActivEX Limited (ASX: AIV)	1,696	1,368
Key Petroleum Ltd (ASX: KEY)	1,969	-
	<hr/>	<hr/>
	10,598	6,395
	<hr/> <hr/>	<hr/> <hr/>

Key Petroleum Ltd became an associate in February 2017.

Note 5. Non-current assets - financial assets at fair value through profit or loss

	Consolidated	
	2017	2016
	\$'000	\$'000
Investment in Kaili Resources Limited (ASX: KLR)	99	57
Investment in Key Petroleum Ltd (ASX: KEY)	-	423
Investment in Metaliko Resources Ltd (ASX: MKO)	-	3,946
	<u>99</u>	<u>4,426</u>

Key Petroleum Ltd became an associate in February 2017.

The Group sold all its investments in Metaliko Resources Ltd.

Note 6. Non-current assets - property, plant and equipment

	Consolidated	
	2017	2016
	\$'000	\$'000
Leasehold improvements - at cost	611	600
Less: Accumulated depreciation	(414)	(301)
	<u>197</u>	<u>299</u>
Plant and equipment - at cost	398	380
Less: Accumulated depreciation	(264)	(216)
	<u>134</u>	<u>164</u>
Motor vehicles - at cost	48	48
Less: Accumulated depreciation	(17)	(9)
	<u>31</u>	<u>39</u>
	<u>362</u>	<u>502</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
Balance at 1 July 2015	269	65	22	356
Additions	188	154	48	390
Disposals	-	-	(22)	(22)
Depreciation expense	(158)	(55)	(9)	(222)
	<u>299</u>	<u>164</u>	<u>39</u>	<u>502</u>
Balance at 30 June 2016	299	164	39	502
Additions	11	20	-	31
Exchange differences	1	(1)	-	-
Depreciation expense	(114)	(49)	(8)	(171)
	<u>197</u>	<u>134</u>	<u>31</u>	<u>362</u>

Note 7. Non-current assets - intangibles

	Consolidated	
	2017	2016
	\$'000	\$'000
Mining exploration and evaluation expenditures - at cost	4,281	5,088
Capitalised project costs - at cost	-	11,790
Less: Impairment	-	(1,239)
	-	10,551
	<u>4,281</u>	<u>15,639</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Mining exploration and evaluation expenditures \$'000	Capitalised project costs \$'000	Total \$'000
Balance at 1 July 2015	5,699	7,985	13,684
Additions	735	2,566	3,301
Write-off of assets	(1,346)	-	(1,346)
Balance at 30 June 2016	5,088	10,551	15,639
Additions	585	1,534	2,119
Write-off of assets	(1,392)	(12,085)	(13,477)
Balance at 30 June 2017	<u>4,281</u>	<u>-</u>	<u>4,281</u>

Note 8. Current liabilities - trade and other payables

	Consolidated	
	2017	2016
	\$'000	\$'000
Trade payables	582	604
Interest payable	166	-
Other payables	448	839
	<u>1,196</u>	<u>1,443</u>

Note 9. Current liabilities - borrowings

	Consolidated	
	2017 \$'000	2016 \$'000
Convertible notes payable	-	16,588
Loan payable	20	20
	<u>20</u>	<u>16,608</u>

In June 2017, the company reached further agreements with all note-holders for the extension of all outstanding convertible notes to 1 March 2019 and as such all convertible notes were reclassified as non-current liabilities. Refer note 10 for further details.

Note 10. Non-current liabilities - borrowings

	Consolidated	
	2017 \$'000	2016 \$'000
Convertible notes payable	28,676	-

Note 11. Equity - issued capital

	2017 Shares	Consolidated		2016 \$'000
		2016 Shares	2017 \$'000	2016 \$'000
Ordinary shares - fully paid	678,517,825	603,671,843	113,657	101,703

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2015	604,254,737		101,883
Share buy-back	1 July 2015 - 30 June 2016	(582,894)	\$0.309	(180)
Balance	30 June 2016	603,671,843		101,703
Issuance of shares	28 June 2017	75,323,813	\$0.160	12,052
Share buy-back	1 July 2016 - 30 June 2017	(477,831)	\$0.205	(98)
Balance	30 June 2017	<u>678,517,825</u>		<u>113,657</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

During the year, the company spent \$98,000 on share buy-backs. The buy-back program was extended for 12 months to 10 May 2018.

Note 12. Equity - reserves

	Consolidated	
	2017	2016
	\$'000	\$'000
Foreign currency reserve	218	132
Non-controlling interests reserve	(965)	(965)
	<u>(747)</u>	<u>(833)</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Non-controlling interest reserve

The reserve is used to recognise non-controlling interest arising from the disposal of subsidiaries and to recognise the equity component within convertible notes payable and other borrowings.

Consolidated	Foreign currency reserve \$'000	Non- controlling interest reserve \$'000	Total \$'000
Balance at 1 July 2015	125	(965)	(840)
Foreign currency translation	7	-	7
Balance at 30 June 2016	132	(965)	(833)
Foreign currency translation	86	-	86
Balance at 30 June 2017	<u>218</u>	<u>(965)</u>	<u>(747)</u>

Note 13. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 14. Earnings per share

	Consolidated	
	2017	2016
	\$'000	\$'000
Loss after income tax	(19,923)	(15,629)
Non-controlling interest	393	376
Loss after income tax attributable to the owners of ASF Group Limited	<u>(19,530)</u>	<u>(15,253)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>604,045,958</u>	<u>603,906,044</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>604,045,958</u>	<u>603,906,044</u>
	Cents	Cents
Basic earnings per share	(3.23)	(2.53)
Diluted earnings per share	(3.23)	(2.53)

Note 15. Events after the reporting period

Gold Coast Integrated Resort (GCIR)

On 1 August 2017, the Queensland State Government has resolved to terminate the GCIR development process at the Main Beach area of the Gold Coast, Queensland. ASF Consortium, as a result, has ceased to be the sole proponent to the Queensland Government for the GICR.

Albert Island, London

The Group was selected as one of two final round bidders to proceed with the Invitation to Participate in Negotiation stage for the development of Albert Island, London, UK. However, the Group was advised by the Greater London Authority on 14 August 2017 that its bid was unsuccessful and the Group is presently the under-bidder on that site.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.