

1. Company details

Name of entity:	ASF Group Limited
ABN:	50 008 924 570
Reporting period:	For the half-year ended 31 December 2017
Previous period:	For the half-year ended 31 December 2016

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	39.1% to	598
Profit from ordinary activities after tax attributable to the owners of ASF Group Limited	up	220.3% to	6,970
Profit for the half-year attributable to the owners of ASF Group Limited	up	220.3% to	6,970

Dividends

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

Comments

The profit for the Group after providing for income tax and non-controlling interest amounted to \$6,970,000 (31 December 2016: loss of \$5,795,000).

Refer to 'Review of operations' in the Directors' report for detailed commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.02	0.06

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%	-	-
Rey Resources Limited	16.31%	16.31%	(67)	(50)
ActivEx Limited	19.62%	18.80%	(72)	(81)
Key Petroleum Ltd*	17.73%	-	(68)	-

Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)

Profit/(loss) from ordinary activities before income tax	(207)	(131)
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*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 were subject to a review by the auditors and the review report is attached as part of the Interim Report.

6. Attachments

Details of attachments (if any):

The Interim Report of ASF Group Limited for the half-year ended 31 December 2017 is attached.

7. Signed



Signed _____

Min Yang
Chairman

Date: 26 February 2018

ASF Group Limited

ABN 50 008 924 570

Interim Report - 31 December 2017

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of ASF Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

The following persons were directors of ASF Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Ms Min Yang - Chairman
Mr Nga Fong (Alex) Lao
Mr Quan (David) Fang
Mr Wai Sang Ho
Mr Geoff Baker
Mr Yong Jiang
Mr Chi Yuen (William) Kuan
Mr Louis Li Chien

Principal activities

The Group is a Sino-Australian investment and trading house which focuses principally on the identification, incubation and realisation of opportunities in areas of synergy between China, Australia, UK and Europe including oil & gas, resources, property, infrastructure, travel and financial services sectors.

Review of operations

The profit for the Group after providing for income tax and non-controlling interest amounted to \$6,970,000 (31 December 2016: loss of \$5,795,000).

Financial results and commentary

For the six months ended 31 December 2017, the Group achieved an encouraging result and recorded a profit after tax of \$6,970,000, compared with a loss of \$5,795,000 for the previous corresponding period.

Sale and marketing of the Hope Island continued to provide revenue contribution to the Group. Commission revenue amounted to \$367,000 for the period. The Group's encouraging results for the half-year were also contributed by the contributions received from the Queensland Government on the conclusion of the Procurement Process for the Gold Coast Integrated Resort (GCIR) project and the write-back of impairment of a listed investment.

In addition to Hope Island project, the Group also provides development management service for another property development project - 'the Au, Surfers Paradise' on the Gold Coast, which is expected to generate further revenue for the Group in the upcoming years.

Finance costs amounted to \$1,157,000 (31 December 2016: \$786,000) represented principally interest on the convertible loans.

Financial position

In November 2017, the Group repaid \$10,000,000 convertible notes, which were issued in August 2015 and June 2016. As at 31 December 2017 the total convertible notes (inclusive of accrued interest) amounted to \$18,248,000 (30 June 2017: \$28,676,000).

As a result of the repayment of the aforesaid convertible notes, net assets as at 31 December 2017 increased by 144% to \$11,427,000, as compared to \$4,689,000 as at 30 June 2017.

With the continuing support from Star Diamond Developments Limited ('Star Diamond'), on 29 December 2017, the Group entered into a Deed of Amendment with Star Diamond for the increase of its convertible loan facilities ('SD Facilities') by \$5,000,000 to a total of \$20,000,000 and a further extension of the maturity date to 31 October 2020. As at the date of this report, \$11,000,000 of SD Facilities had been drawn down.

During the financial half-year, the Company bought back 553,413 shares for a cost of \$96,000. The Group continues to maintain a strong financial position with a cash balance of \$9,916,000 as at 31 December 2017 (30 June 2017: \$17,669,000).

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.

On 14 November 2017, the Group granted a \$1,000,000 standby loan facility to AIV for a term of 1 year at an interest rate of 12% per annum. \$125,000 of the loan facility had been drawn down by AIV as at 31 December 2017.

As at the 31 December 2017, the Group holds 19.6% of AIV with a market value of \$5,563,000, compared with its book value of \$1,623,000.

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.

On 12 October 2017, the Group granted a \$1,000,000 standby loan facility to REY for a term of 1 year at an interest rate of 12% per annum. The facility was subsequently increased to \$1,500,000 in December 2017. \$1,000,000 of the loan facility had been drawn down by REY as at 31 December 2017.

As at 31 December 2017, the Group held 16.3% of REY with a market value of \$10,227,000.

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 Canning Basins in Western Australia. Acreage within the Canning Basin portfolio consists of a number of exciting development and exploration opportunities.

As at 31 December 2017, the Group held 17.7% of KEY with a market value of \$1,769,000.

Kaili Resources Limited ('KLR')

KLR is a resources exploration company which holds 1 Coal tenement in Queensland, 3 Iron and 5 Gold tenements in Western Australia. As at 31 December 2017, the Group held 2.24% of the issued capital of KLR.

Civil & Mining Resources Pty Ltd ('CMR')

Trading as CMR Coal, CMR 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 CMR comprise of 14 Exploration Permits for Coal, 1 Mineral Development Licence and 1 Mining lease application in Queensland.

CMR has successfully completed 46 boreholes on their key project Dawson West, with a total of 10,340 metres drilled, geophysical logged selectively cored, sampled and analysed, which has confirmed export quality thermal coal resources with potentially mineable thickness seams extending into unexplored areas. CMR has defined a JORC 2012 code-compliant resource, with a total of 852 Mt (184Mt Indicated, 688Mt Inferred resource).

Following completion of the recent exploration program at Dawson West Project, CMR Coal has lodged a bulk sample pit application which has Environmental approval and a signed Cultural Heritage Management Plan with the traditional owners.

As at 31 December 2017, the Group held 69% of the issued share capital of CMR.

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 town houses 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 a project with a number of domestic professional companies relating to project management, architecture, landscaping and building etc. During the half-year, a marketing campaign was launched and approximately 89% of the properties under Stage I, which comprises the housing lots, have been sold. Stage II of the project includes 17 town houses and one block of 40 apartments was also released. Currently, approximately 88% of the Stage II town houses have been sold. Since September 2017, ASFP has been providing development management role for another property development 'the Au, Surfers Paradise' on the Gold Coast, which is located right on Main Beach and consists of 14 luxury residential units, two triple-level penthouse apartments with private swimming pools and 12 single floor apartments. Designed by award winning designer Greg Natale, the project offers an unprecedented standard in Gold Coast living and is also the only product to offer 15 metres of oceanfront views. It is expected that these two projects will continue to provide revenue contribution to ASFP in the year ahead.

Fund management and advisory services

ASF Capital Pty Ltd ('ASF Capital') is the fund management and advisory arm of the Group's core strategy to facilitate two-way capital flows between Australia and Asia. ASF Capital provides services to selected Asian businesses on matters such as public listing, visa migration, and funds management in Australia.

ASF Capital operates with an Australian Financial Services Licence and has a history of assisting Asian businesses enter and/or expand in Australia. ASF Capital has the capability to form any number of tailor-made wholesale funds to capture a diverse array of investment opportunities including infrastructure, real estate, mining and technology.

ASF Capital continues to establish a pipeline of property funds that offer wholesale investors the opportunity to participate in high quality property development projects in New South Wales and Queensland. In partnership with the development arm of the Company, the aim is to provide outstanding financial returns to wholesale investors through property development opportunities.

Furthermore, ASF Capital has formed a strategic collaboration with an Australian venture capital firm to broaden opportunities in funds offerings, funds management and marketing cooperation. First among the products is a Venture Fund which will seek to make investments into Australian early stage venture technologies and platforms offered by qualified Venture Capital Limited Partnerships.

Castle Green, London

The Group continues work on the proposed Castle Green project in London Borough of Barking & Dagenham ('LBBD') assessing the possible development of a major infrastructure project, 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 in excess of A\$9 Billion (on current property values).

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

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 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.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Min Yang', is positioned above a horizontal line.

Min Yang
Chairman

26 February 2018
Sydney

Level 17, 383 Kent Street
Sydney NSW 2000

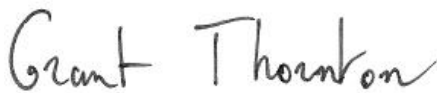
Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.granthornton.com.au

Auditor's Independence Declaration To the Directors of ASF Group Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of ASF Group Limited for the half-year ended 31 December 2017. I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



N P Smietana
Partner – Audit & Assurance
Sydney, 26 February 2018

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General information

The financial statements are those of ASF Group Limited as a consolidated entity consisting of ASF Group Limited (the company) and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is ASF Group Limited's functional and presentation currency.

ASF Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 2, 3B Macquarie Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2018. The directors have the power to amend and reissue the financial statements.

ASF Group Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017



		Consolidated	
	Note	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Revenue	3	598	430
Other income	4	9,096	982
Expenses			
Commission and fee expenses		(165)	(209)
Consultancy expenses		(1,315)	(1,911)
Marketing expenses		(97)	(251)
Employee benefits expense		(1,150)	(1,066)
Depreciation expense		(60)	(85)
Impairment reversal/(loss) of investments in associates	5	3,228	(1,930)
Impairment of assets	5	(1)	(169)
Net fair value movements on other financial assets	5	(11)	655
Legal and professional fees		(599)	(235)
Corporate and administration expenses		(660)	(581)
Occupancy expenses		(644)	(616)
Share of losses of associates	5	(207)	(131)
Finance costs	5	(1,157)	(786)
Profit/(loss) before income tax expense		6,856	(5,903)
Income tax expense		-	-
Profit/(loss) after income tax expense for the half-year		6,856	(5,903)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(22)	(244)
Other comprehensive income for the half-year, net of tax		(22)	(244)
Total comprehensive income for the half-year		<u>6,834</u>	<u>(6,147)</u>
Profit/(loss) for the half-year is attributable to:			
Non-controlling interest		(114)	(108)
Owners of ASF Group Limited		<u>6,970</u>	<u>(5,795)</u>
		<u>6,856</u>	<u>(5,903)</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(114)	(108)
Owners of ASF Group Limited		<u>6,948</u>	<u>(6,039)</u>
		<u>6,834</u>	<u>(6,147)</u>
		Cents	Cents
Basic earnings per share	12	1.03	(0.96)
Diluted earnings per share	12	1.03	(0.96)

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

		Consolidated	
	Note	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Assets			
Current assets			
Cash and cash equivalents		9,916	17,669
Trade and other receivables	6	1,280	1,248
Other		48	34
Total current assets		11,244	18,951
Non-current assets			
Other receivables		451	394
Investments accounted for using the equity method	7	13,619	10,598
Financial assets at fair value through profit or loss		88	99
Property, plant and equipment		304	362
Exploration and evaluation assets		4,516	4,281
Total non-current assets		18,978	15,734
Total assets		30,222	34,685
Liabilities			
Current liabilities			
Trade and other payables		424	1,196
Borrowings		20	20
Employee benefits		103	104
Total current liabilities		547	1,320
Non-current liabilities			
Borrowings	8	18,248	28,676
Total non-current liabilities		18,248	28,676
Total liabilities		18,795	29,996
Net assets		11,427	4,689
Equity			
Issued capital	9	113,561	113,657
Reserves		(769)	(747)
Accumulated losses		(99,784)	(106,754)
Equity attributable to the owners of ASF Group Limited		13,008	6,156
Non-controlling interest		(1,581)	(1,467)
Total equity		11,427	4,689

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

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 half-year	-	-	(5,795)	(108)	(5,903)
Other comprehensive income for the half-year, net of tax	-	(244)	-	-	(244)
Total comprehensive income for the half-year	-	(244)	(5,795)	(108)	(6,147)
<i>Transactions with owners in their capacity as owners:</i>					
Change in non-controlling interests reserve	-	(4)	-	-	(4)
Share buy-back	(49)	-	-	-	(49)
Balance at 31 December 2016	101,654	(1,081)	(93,019)	(1,307)	6,247

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2017	113,657	(747)	(106,754)	(1,467)	4,689
Profit/(loss) after income tax expense for the half-year	-	-	6,970	(114)	6,856
Other comprehensive income for the half-year, net of tax	-	(22)	-	-	(22)
Total comprehensive income for the half-year	-	(22)	6,970	(114)	6,834
<i>Transactions with owners in their capacity as owners:</i>					
Share buy-back	(96)	-	-	-	(96)
Balance at 31 December 2017	113,561	(769)	(99,784)	(1,581)	11,427

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	647	369
Payments to suppliers and employees (inclusive of GST)	(5,316)	(5,081)
Interest received	42	17
Other revenue	2	-
Interest and other finance costs paid	(1,743)	-
Net cash used in operating activities	(6,368)	(4,695)
Cash flows from investing activities		
Payments for investments at fair value through profit and loss account	-	(2,700)
Proceeds from disposal of investments at fair value through profit and loss account	-	5,891
Payments for property, plant and equipment	(1)	(18)
Payments for intangibles	(237)	(719)
Funds received on conclusion of the procurement process of Gold Coast Integrated Resort	9,082	-
Proceeds from release of deposits	1,000	-
Net cash from investing activities	9,844	2,454
Cash flows from financing activities		
Proceeds from borrowings	-	5,000
Repayment of borrowings	(10,000)	-
Payments for share buy-backs	(96)	(49)
Loans to associates	(1,125)	-
Net cash (used in)/from financing activities	(11,221)	4,951
Net (decrease)/increase in cash and cash equivalents	(7,745)	2,710
Cash and cash equivalents at the beginning of the financial half-year	17,669	2,497
Effects of exchange rate changes on cash and cash equivalents	(8)	(68)
Cash and cash equivalents at the end of the financial half-year	9,916	5,139

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2017 and are not expected to have any significant impact for the full financial year ending 30 June 2018.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

Identification of reportable operating segments

The Group's operating segment is identified based on the internal reports that are reviewed and used by the Board of Directors (being the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The Group operates in only one segment, being an investment and trading house. The segment result is as shown in the statement of profit or loss and other comprehensive income. Refer to statement of financial position for assets and liabilities.

Note 3. Revenue

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
<i>Sales revenue</i>		
Commission revenue	367	244
Corporate services	170	169
	<u>537</u>	<u>413</u>
<i>Other revenue</i>		
Interest	59	17
Other revenue	2	-
	<u>61</u>	<u>17</u>
Revenue	<u>598</u>	<u>430</u>

Note 4. Other income

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
Net foreign exchange gain	14	181
Net gain on disposal of investments	-	801
Funds received on conclusion of the procurement process of Gold Coast Integrated Resort project	9,082	-
Other income	9,096	982

Note 5. Expenses

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
Profit/(loss) before income tax includes the following specific expenses:		
<i>Impairment</i>		
Impairment (reversal)/loss of investment in associates	(3,228)	1,930
Mining exploration and evaluation expenditures	1	166
Impairment of receivables	-	3
Total impairment (reversal)/loss	(3,227)	2,099
<i>Share of loss of associates</i>		
Rey Resources Limited	67	50
ActivEx Limited	72	81
Key Petroleum Ltd	68	-
Total share of loss of associates	207	131
<i>Net fair value movement on other financial assets</i>		
Key Petroleum Ltd (ASX: KEY)	-	(142)
Metaliko Resources Ltd (ASX: MKO)	-	(462)
Kaili Resources Limited (ASX: KLR)	11	(51)
Total net fair value movement on other financial assets	11	(655)
<i>Finance costs</i>		
Interest and finance charges paid/payable	1,157	786

Note 6. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2017	30 Jun 2017
	\$'000	\$'000
Trade receivables	43	24
Other receivables	95	1,224
Short term loans issued to associates	1,125	-
Interest on short term loans issued to associates	17	-
	1,280	1,248

Note 6. Current assets - trade and other receivables (continued)

Short term loan to Rey Resources Limited (ASX: 'REY')

On 12 October 2017, the Group granted a \$1,000,000 standby loan facility to REY for a term of 1 year at an interest rate of 12% per annum. The facility was subsequently increased to \$1,500,000 in December 2017. \$1,000,000 of the loan facility had been drawn down by REY as at 31 December 2017.

Short term loan to ActivEx Limited (ASX: 'AIV')

On 14 November 2017, the Group granted a \$1,000,000 standby loan facility to AIV for a term of 1 year at an interest rate of 12% per annum. \$125,000 of the loan facility had been drawn down by AIV as at 31 December 2017.

Note 7. Non-current assets - investments accounted for using the equity method

	Consolidated	
	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Rey Resources Limited (ASX: REY)	10,227	6,933
ActivEx Limited (ASX: AIV)	1,623	1,696
Key Petroleum Ltd (ASX: KEY)	1,769	1,969
	<u>13,619</u>	<u>10,598</u>

Note 8. Non-current liabilities - borrowings

	Consolidated	
	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Convertible notes payable	<u>18,248</u>	<u>28,676</u>

In November 2017, the Group repaid \$10,000,00 convertible notes, which were issued in August 2015 and June 2016, together with accrued interest.

With the continuing support from Star Diamond Developments Limited ('Star Diamond'), on 29 December 2017, the Group entered into a Deed of Amendment with Star Diamond for the increase of convertible loan facilities ('SD Facilities') by \$5,000,000 to a total of \$20,000,000 and a further extension of the maturity date to 31 October 2020. As at the date of this report, \$11,000,000 of SD Facilities had been drawn down.

Note 9. Equity - issued capital

	Consolidated			
	31 Dec 2017 Shares	30 Jun 2017 Shares	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Ordinary shares - fully paid	<u>677,964,412</u>	<u>678,517,825</u>	<u>113,561</u>	<u>113,657</u>

Movements in ordinary share capital

Details	Date	Shares	Average buy-back price	\$'000
Balance	1 July 2017	678,517,825		113,657
Share buy-back	1 July 2017 to 31 December 2017	(553,413)	\$0.17	(96)
Balance	31 December 2017	<u>677,964,412</u>		<u>113,561</u>

Note 9. Equity - issued capital (continued)

Share buy-back

During the half-year, the Company bought back 553,413 shares at a cost of \$96,000. The buy-back program is expected to expire on 10 May 2018 and it is the company's present intention to extend the program for another year.

Note 10. Equity - dividends

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

Note 11. Fair value measurement

The following tables detail the Group's assets, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated - 31 Dec 2017				
Assets				
Investments at fair value through profit or loss	88	-	-	88
Total assets	88	-	-	88
Consolidated - 30 Jun 2017				
Assets				
Investments at fair value through profit or loss	99	-	-	99
Total assets	99	-	-	99

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 12. Earnings per share

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
Profit/(loss) after income tax	6,856	(5,903)
Non-controlling interest	114	108
Profit/(loss) after income tax attributable to the owners of ASF Group Limited	6,970	(5,795)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	678,201,510	603,577,768
Weighted average number of ordinary shares used in calculating diluted earnings per share	678,201,510	603,577,768

Note 12. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	1.03	(0.96)
Diluted earnings per share	1.03	(0.96)

Note 13. Events after the reporting period

No matter or circumstance has arisen since 31 December 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.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Min Yang', is written over a horizontal line.

Min Yang
Chairman

26 February 2018
Sydney

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report To the Members of ASF Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of ASF Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of ASF Group Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

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 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 2017 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations*

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Regulations 2001. As the auditor of ASF Group Limited, 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*.



Grant Thornton Audit Pty Ltd
Chartered Accountants



N P Smietana
Partner - Audit & Assurance
Sydney, 26 February 2018