

1. Company details

Name of entity:	ASF Group Limited
ABN:	50 008 924 570
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

2. Results for announcement to the market

Revenues from ordinary activities	up	313.1% to	\$'000 4,338
Loss from ordinary activities after tax attributable to the owners of ASF Group Limited	up	100.7% to	5,946
Loss for the year attributable to the owners of ASF Group Limited	up	100.7% to	5,946

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 \$5,946,000 (30 June 2019:\$ 2,963,000).

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

3. Net tangible assets

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	(0.01)	0.63

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
Rey Resources Limited	16.34%	16.34%	(307)	(1,452)
ActivEX Limited	19.62%	19.62%	(315)	(154)
Key Petroleum Limited	11.45%	14.27%	(84)	(46)
ASF Technologies Limited	-	23.57%	-	(48)
3D Bio-Tissues Ltd	49%	-	(28)	-
UK International Innovation Centre Ltd	20%	-	(1)	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Loss from ordinary activities before income tax			(735)	(1,700)

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 Preliminary Financial Report of ASF Group Limited for the year ended 30 June 2020 is attached.

7. Signed



Signed _____

Date: 31 August 2020

Min Yang
Chairman

The operating and financial review covers the operations of 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 year ended 30 June 2020.

Financial results and commentary

For the year ended 30 June 2020, ASF Group Limited ('the Company') and its controlled entities (referred to hereafter as the 'Group') recorded a consolidated loss after tax and non-controlling interest of \$5,946,000, compared with last year of \$2,963,000.

Majority of the loss for the year was attributed to the following:

- Impairment of listed investment of \$173,000;
- Loss on disposal of investment of \$750,000;
- Share of losses of associates of \$735,000; and
- Interest expenses and other finance costs \$1,879,000.

Revenue from continuing operations for the year was \$4,338,000, an increase of approximately 313% compared with last year of \$1,050,000. The increase in revenue for the year was contributed by the additional service income from an associated company in Hong Kong, ASF Technologies Ltd ("ASFT"). Sales and marketing of Hope Island also provided revenue contribution to the Group for the year.

In July 2019, the Company disposed of 13.57% interest in ASFT for \$1.357 million. In December 2019, the Company disposed of all its remaining 10% interest in ASFT for a further \$1 million.

On 4 June 2020, the Company announced the extension of on-market share buyback program for a further 12 months from 19 June 2020. In the past 12 months, the Company bought back 21,987 shares at the price of \$0.075 per share.

Financial position

During the year, the Company repaid \$3.15 million interest on loan due to Star Diamond Developments Limited ("Star Diamond"). With the continuing support from Star Diamond, it had agreed to increase the current convertible loan facility ("CN") granted to the Company by \$3 million to a total of \$23 million and to extend the maturity date of the CN for one year to 31 October 2021. As at 30 June 2020, a total of \$18.15 million CN has been drawn down by the Company.

Finance costs amounted to \$1,879,000 (2019: \$1,865,000) represented principally of interest on the CN.

During the year, the Company received \$1.7 million full repayment of loan (inclusive of interest) from ActivEx Limited.

As requested by Rey Resources Limited, the Company agreed to extend the maturity date for its \$2 million loan facility granted to REY from 30 June 2020 to 31 October 2021.

As of 30 June 2020, the Company together with its subsidiaries (the "Group") maintained a cash balance of \$3.8 million.

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.

The Group holds 19.62% of the issued capital of AIV at a book value of \$1.1 million, compared with its market value of \$4.5 million as of 30 June 2020.

**Rey Resources Limited (“REY”)**

REY is an ASX listed oil & gas exploration and development company with a large tenement holding in the Canning Basin, Western Australia. The principal activity of REY is exploring for and developing energy resources in Western Australia’s Canning Basin.

As at 30 June 2020, the Group holds 16.34% of the issued capital of REY at a book value of \$9.3 million, compared with its market value of \$10.7 million as at the balance sheet date.

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 30 June 2020, the Group holds 11.45 % of the issued capital of KEY with a market value of \$0.7 million.

Kaili Resources Limited (“KLR”)

KLR is a resources exploration company which holds tenements in QLD and Western Australia. The Group holds 2.2 million shares in KLR with a market value of \$79,000 as at 30 June 2020.

Civil & Mining Resources Pty Ltd (“CMR”)

Trading as CMR Coal, Civil & Mining Resources Pty Ltd 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 2 Exploration Permits for Coal (EPCs) 1 Mineral Development Licence (MDL) and 2 Mining Lease applications (MLAs) in Queensland.

CMR has successfully completed 48 boreholes on their key project Dawson West, with a total of 10,940m drilled, geophysical logged selectively cored, sampled and analysed, which has confirmed export quality thermal coal resources with seams of mineable thickness expected to extend further into unexplored areas. CMR has defined a JORC2012 code compliant resource, with a total of 876Mt (188Mt Indicated, 688Mt Inferred resource).

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

Based on the outcomes of the exploration, CMR Coal have completed highly detailed pre-feasibility studies and have developed plans for an underground thermal coal mine. The project has life of mine agreements in place for native title and land access as well as having strong support from local and state regulators, local communities, businesses and stakeholders. Mining and environmental approval processes have both commenced and both the EIS and engineering feasibility studies are under way.

Together with its subsidiary ASF Resources Pty Ltd, the Company holds 68.97% of the issued capital of CMR.

During the year, CMR disposed of its non-core tenements to ActivEX Limited and is aiming to focus its resources in the flagship project – Dawson West Project which has defined a JORC2012 code compliant resource, with a total of 876.1Mt (188.1Mt Indicated, 688Mt Inferred resource).

ASF Technologies Ltd (“ASFT”)

ASFTA is an Australian company that has developed Australian patents for the SYTECH Scotch Yoke mechanism which results in power generation for engines with lower vibration, less noise, lower emissions, and lower cost than conventional engines.

Property Marketing and Services

ASF Properties Pty Ltd (“ASFP”), a wholly-owned subsidiary of the Company, continues to provide international property services to investors in Australia and China. It represents an important strategic platform for investors to access the Australian real estate market. The service scope includes development management, property management, property advisory, and development syndication. The projects which ASFP provides services for are located in New South Wales and Queensland.

Fund Management and Advisory Services

ASF Capital Pty Ltd (“ASF Capital”) holds an Australian Financial Services Licence and 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 assists select businesses both on shore and off on matters such as public listing, financial advisory, entry and/or expansion in Australia, and visa migration related areas. Also, ASF Capital is able to form any number of tailor-made wholesale funds to capture a diverse array of investment opportunities.

Castle Green, London

The Group and the London Borough of Barking & Dagenham (‘LBBD’) continue to work 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 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.

3D Bio-Tissues, UK

During the year, the Company completed its equity investment in 3D Bio-Tissues Ltd (“3DBT”) and is now 49% owned by BSF Angel Funding Limited, a subsidiary of the Company.

3DBT was spun-out from Newcastle University, UK in 2019 and is aimed to offer superior tissue replicates for the restoration of a patients’ skin or cornea and it also has a broader application in food markets.

UKIIC, UK

In November 2019, the Company through its wholly owned UK subsidiary BSF International Ltd launched the UK International Innovation Centre (UKIIC) to join the Cocoon Global in the City of London to develop an incubation Centre for development of early stage technology and life science businesses.

As of 30 June 2020, the Group holds 20% interest in the issued capital of UKIIC.

Matters subsequent to the end of the financial year

On 27 August 2020, the Company received \$1,540,000 repayment of loan from REY.

No other matters or circumstances that have arisen since 30 June 2020 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 2020

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ASF Group Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020



	Note	Consolidated 2020 \$'000	2019 \$'000
Revenue	1	4,338	1,050
Finance income	1	262	422
Share of losses of associates accounted for using the equity method	3	(735)	(1,700)
Other income	2	1,204	6,534
Expenses			
Net loss on disposal of investment	3	(750)	-
Commission and fee expenses		(289)	(502)
Consultancy expenses		(2,678)	(2,208)
Marketing expenses		(61)	(241)
Employee benefits expense		(1,704)	(2,290)
Depreciation and amortisation expenses	3	(946)	(110)
Impairment of non-financial assets	3	(173)	(1,385)
Impairment gain/(loss) of financial assets	3	(4)	2,727
Legal and professional fees		(857)	(1,701)
Corporate and administration expenses		(954)	(1,316)
Occupancy expenses		(308)	(1,292)
Finance costs	3	(1,879)	(1,865)
Loss before income tax expense		(5,534)	(3,877)
Income tax expense		-	-
Loss after income tax expense for the year		(5,534)	(3,877)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		37	3
Total comprehensive income for the year		(5,497)	(3,874)
Loss for the year is attributable to:			
Non-controlling interest		412	(914)
Owners of ASF Group Limited		(5,946)	(2,963)
		(5,534)	(3,877)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		412	(914)
Owners of ASF Group Limited		(5,909)	(2,960)
		(5,497)	(3,874)
		Cents	Cents
Basic loss per share	16	(0.75)	(0.41)
Diluted loss per share	16	(0.75)	(0.41)

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

	Note	Consolidated	
		2020 \$'000	2019 \$'000
Assets			
Current assets			
Cash and cash equivalents		3,833	4,929
Trade and other receivables	4	221	3,772
Other assets		27	345
Total current assets		4,081	9,046
Non-current assets			
Other receivables	5	2,290	231
Investments accounted for using the equity method	6	12,005	15,170
Financial assets at fair value through profit or loss		79	79
Property, plant and equipment	7	119	234
Right of use assets	12	1,107	-
Intangibles	8	3,275	3,030
Total non-current assets		18,875	18,744
Total assets		22,956	27,790
Liabilities			
Current liabilities			
Trade and other payables	9	338	2,867
Borrowings	10	-	105
Employee benefits		138	112
Lease liabilities – current	12	395	-
Total current liabilities		871	3,084
Non-current liabilities			
Borrowings	11	18,156	16,645
Lease liabilities – non-current	12	772	-
Total non-current liabilities		18,928	16,645
Total Liabilities		19,799	19,729
Net assets		3,157	8,061
Equity			
Issued capital	13	122,688	122,690
Reserves	14	(2,260)	(2,369)
Accumulated losses		(116,025)	(110,079)
Equity attributable to the owners of ASF Group Limited		4,403	10,242
Non-controlling interest		(1,246)	(2,181)
Total equity		3,157	8,061

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

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Consolidated					
Balance at 1 July 2018	113,463	(777)	(107,385)	(1,759)	3,542
Loss after income tax expense for the year	-	-	(2,963)	(914)	(3,877)
Other comprehensive income for the year, net of tax	-	3	-	-	3
Total comprehensive income for the year	-	3	(2,963)	(914)	(3,874)
<i>Transactions with owners in their capacity as owners:</i>					
Prior period NCI movement	-	(628)	269	359	-
Acquisition of NCI without a change in control	-	(793)	-	(41)	(834)
Disposal of subsidiary with NCI	-	(174)	-	174	-
Share buy-back (note 13)	(82)	-	-	-	(82)
Issuance of shares (note 13)	9,309	-	-	-	9,309
Balance at 30 June 2019	122,690	(2,369)	(110,079)	(2,181)	8,061

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Consolidated					
Balance at 1 July 2019	122,690	(2,369)	(110,079)	(2,181)	8,061
Loss after income tax expense for the year	-	-	(5,946)	412	(5,534)
Other comprehensive income for the year, net of tax	-	37	-	-	37
Total comprehensive income for the year	-	37	(5,946)	412	(5,497)
<i>Transactions with owners in their capacity as owners:</i>					
Acquisition of investment with NCI	-	114	-	481	595
Disposal of subsidiary with NCI	-	(42)	-	42	-
Share buy-back (note 13)	(2)	-	-	-	(2)
Balance at 30 June 2020	122,688	(2,260)	(116,025)	(1,246)	3,157

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

Note	Consolidated	
	2020 \$'000	2019 \$'000
Cash flows from operating activities		
	4,600	864
	585	-
	(6,906)	(8,407)
	249	14
	(85)	(3,127)
17	<u>(1,557)</u>	<u>(10,656)</u>
Cash flows from investing activities		
7	(21)	(164)
8	(245)	(435)
	(365)	(922)
	(30)	-
	-	(691)
	2,357	-
	500	-
	75	-
	<u>2,271</u>	<u>(2,212)</u>
Cash flows from financing activities		
	(145)	(2,725)
	1,475	2,500
	3,750	10,205
	(5,949)	(6,000)
13	-	9,309
13	(2)	(82)
	(939)	-
	<u>(1,810)</u>	<u>13,207</u>
	(1,096)	339
	4,929	4,585
	-	5
	<u>3,833</u>	<u>4,929</u>

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

Note 1. Revenue and finance income

	Consolidated	
	2020	2019
	\$'000	\$'000
Sales revenue		
Commission revenue	193	415
Corporate services	4,090	341
Marketing fees	55	93
Rental income	-	201
	4,338	1,050
Finance income	262	422

Note 2. Other income

	Consolidated	
	2020	2019
	\$'000	\$'000
Net gain on disposal of investments	-	3,198
Net fair value movements on other financial assets	-	3,297
Gain on disposal of plant and equipment	422	17
Sundry income	197	22
Government grants	585	-
	1,204	6,534
Other income	1,204	6,534

Note 3. Expenses

	Consolidated	
	2020	2019
	\$'000	\$'000
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	4	62
Plant and equipment	34	43
Motor vehicles	4	5
Total depreciation	42	110
Amortisation - right of use assets	904	-
Total depreciation and amortisation	946	110

Note 3. Expenses (continued)

	Consolidated	
	2020	2019
	\$'000	\$'000
<i>Loss on disposal of investment</i>		
<i>(Gain)/loss on disposal of investment</i>		
ASF Technology Ltd	854	-
GCPM Pty Ltd	(104)	-
Total loss on disposal of investment	750	-
<i>Impairment of non-financial assets</i>		
Mining exploration and evaluation expenditures	-	568
Impairment of investment in associates	173	817
Total Impairment of non-financial assets	173	1,385
<i>Impairment of financial assets</i>		
Allowance for expected credit loss	4	50
(Reversal of)/Impairment of loan to ActiveEX Limited	-	(735)
(Reversal of)/Impairment of loan to Rey Resources Limited	-	(2,042)
Total impairment (gain)/loss of financial assets	4	(2,727)
<i>Share of losses of associates</i>		
Rey Resources Limited	307	1,452
ActivEX Limited	315	154
Key Petroleum Limited	84	46
3D Bio-Tissues Ltd	28	-
UK International Innovation Centre Ltd	1	-
ASF Technologies Ltd	-	48
Total share of losses of associates	735	1,700
<i>Finance costs</i>		
Interest and finance charges paid/payable	1,879	1,865
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	308	1,292
<i>Superannuation expense</i>		
Defined contribution superannuation expense	102	96

Note 4. Current assets - trade and other receivables

	Consolidated	
	2020	2019
	\$'000	\$'000
Trade receivables	-	191
Other receivables	221	171
Loan receivable from associate - ActivEx Limited	-	1,575
Loan receivable from associate – Rey Resources Limited	-	1,835
	221	3,581
	221	3,772

Note 4. Current assets - trade and other receivables (continued)

Loan Receivable

On 14 November 2017, the Group entered into a loan facility agreement with its associate, ActivEX Limited (ASX: AIV). Pursuant to the agreement the Group will provide up to \$1 million in standby funding for AIV's exploration activities and general working capital. Interest will accrue at 12% per annum. The loan has been fully repaid during the year.

Note 5. Non-current assets - other receivables

	Consolidated	
	2020	2019
	\$'000	\$'000
Deposits	197	231
Loan receivable from associate – Rey Resources Limited	2,093	-
	2,290	231

On 12 October 2017, the Group entered into a loan facility agreement with its associate, Rey Resources Limited (ASX: REY). Pursuant to the agreement the Group will provide up to \$1 million in standby funding for REY's exploration activities and general working capital for a term of one year. Interest will accrue at 12% per annum. The loan facility was subsequently increased to \$3.8 million and the maturity date extended to 31 December 2019. In April 2019, REY repaid \$2.5 million which remains available for re-draw before maturity. On 31 December 2019, the parties agreed to reduce the loan facility amount from \$3.8 million to \$2 million and to extend the maturity date to 31 March 2020 which has subsequently been further extended to 31 October 2021.

Note 6. Non-current assets - investments accounted for using the equity method

	Consolidated	
	2020	2019
	\$'000	\$'000
Rey Resources Limited (ASX: REY)	9,315	9,622
ActivEX Limited (ASX: AIV)	1,099	1,414
Key Petroleum Limited (ASX: KEY)	658	885
ASF Technologies Ltd	-	3,249
3D Bio-Tissues Ltd	933	-
	12,005	15,170

Note 7. Non-current assets - property, plant and equipment

	Consolidated	
	2020	2019
	\$'000	\$'000
Leasehold improvements - at cost	190	612
Less: Accumulated depreciation	(185)	(535)
	5	77
Plant and equipment - at cost	434	488
Less: Accumulated depreciation	(336)	(351)
	98	137
Motor vehicles - at cost	48	48
Less: Accumulated depreciation	(32)	(28)
	16	20
	119	234

Note 7. Non-current assets - property, plant and equipment (continued)

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 2018	123	112	25	260
Additions	86	78	-	164
Disposal	(70)	(11)	-	(81)
Exchange differences	-	1	-	1
Depreciation expense	(62)	(43)	(5)	(110)
Balance at 1 July 2019	77	137	20	234
Additions	-	21	-	21
Disposal	(68)	(26)	-	(94)
Exchange differences	-	-	-	-
Depreciation expense	(4)	(34)	(4)	(42)
Balance at 30 June 2020	5	98	16	119

Note 8. Non-current assets – intangibles

	Consolidated	
	2020 \$'000	2019 \$'000
Mining exploration and evaluation expenditures – at cost	3,275	3,030

Reconciliations

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

Consolidated	Total \$'000
Balance at 1 July 2018	3,163
Additions	435
Write-off of assets	(568)
Balance at 30 June 2019	3,030
Additions	245
Write-off of assets	-
Balance at 30 June 2020	3,275

Note 9. Current liabilities – trade and other payables

	Consolidated	
	2020 \$'000	2019 \$'000
Trade payables	60	229
Other payables	278	438
Amount due to ASF Technologies Ltd	-	2,200
	338	2,867

Note 10. Current liabilities – borrowings

	Consolidated	
	2020	2019
	\$'000	\$'000
Other loans	-	105
	-	105

Note 11. Non-current liabilities - borrowings

	Consolidated	
	2020	2019
	\$'000	\$'000
Convertible notes payable	18,156	16,645

Convertible notes payable

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. On 25 June 2020, Star Diamond agreed to increase the SD Facilities by \$3 million to a total of \$23 million and to extend the maturity date of the SD Facilities for one year to 31 October 2021. As at the date of this report, \$18,150,000 of SD Facilities had been drawn down.

Note 12. Leases

	Consolidated
	2020
	\$'000
<i>Right of use assets</i>	
Opening balance at 1 July 2019	2,343
Amortisation	(904)
Other	(332)
Closing balance at 30 June 2020	1,107
 <i>Lease liabilities</i>	
Current	395
Non-current	772
Total lease liabilities	1,167

Note 13. Equity - issued capital

Consolidated	2020	Consolidated		2019
	Shares	2019	2020	2019
		Shares	\$'000	\$'000
Ordinary shares – fully paid	792,925,065	792,947,052	122,688	122,690

Movement in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	30 July 2018	677,395,157		113,463
Share buy-back	1 July 2018 – 30 June 2019	(810,605)	\$0.100	(82)
Private placement net	25 January 2019	112,500,000	\$0.080	9,000
Share purchase plan net	8 February 2019	3,862,500	\$0.080	309
		<hr/>		<hr/>
Balance	30 June 2019	792,947,052		122,690
Share buy-back	1 July 2019 – 30 June 2020	(21,987)	\$0.075	(2)
Balance	30 June 2020	<u>792,925,065</u>		<u>122,688</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 bought back 21,987 shares at a cost of \$2,000. On 4 June 2020, the Company announced the extension of on-market share buyback program for a further 12 months from 19 June 2020.

Note 14. Equity – reserves

	Consolidated	
	2020	2019
	\$'000	\$'000
Foreign currency reserve	228	191
Non-controlling interests reserve	(2,802)	(2,874)
Capital reserve	314	314
	<hr/>	<hr/>
	(2,260)	(2,369)

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.

Capital reserve

The capital reserve is used to recognise the equity component within convertible notes payable and other borrowings. It also includes the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

Note 14. Equity – reserves (continued)

Consolidated	Foreign currency reserve \$'000	Non- controlling interest reserve \$'000	Capital reserve \$'000	Total \$'000
Balance at 1 July 2018	188	(1,279)	314	(777)
Foreign currency translation	3	-	-	3
Acquisition of non-controlling interest	-	(793)	-	(793)
Transfer from NCI to NCI reserve	-	(628)	-	(628)
Disposal of subsidiary with NCI	-	(174)	-	(174)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 July 2019	191	(2,874)	314	(2,369)
Foreign currency translation	37	-	-	37
Acquisition of non-controlling interest	-	114	-	114
Transfer from NCI to NCI reserve	-	(42)	-	(42)
Balance at 30 June 2020	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Note 15. Equity – dividends

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

Note 16. Earnings per share

	Consolidated	
	2020 \$'000	2019 \$'000
Loss after income tax	(5,534)	(3,877)
Non-controlling interest	(412)	914
	<hr/>	<hr/>
Loss after income tax attributable to the owners of ASF Group Limited	<hr/> <hr/>	<hr/> <hr/>
	<hr/>	<hr/>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	792,932,825	726,935,805
	<hr/>	<hr/>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<hr/> <hr/>	<hr/> <hr/>
	<hr/>	<hr/>
	Cents	Cents
Basic earnings per share	(0.75)	(0.41)
Diluted earnings per share	(0.75)	(0.41)

Note 17. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2020	2019
	\$'000	\$'000
Loss after income tax expense for the year	(5,534)	(3,877)
Adjustments for:		
Depreciation and amortisation	946	110
Loss/(gain) on disposal of intangible assets	(75)	-
Impairment of intangibles	-	568
Share of loss - associates	735	1,700
(Reversal of)/Impairment of loan from associates	-	(2,777)
Impairment (reversal)/loss of investment in associates	173	817
Gain on disposal of property, plant and equipment	(422)	(17)
Accrued interest on convertible notes	-	749
Accrued interest on loans to associates	-	(408)
Bad debts	4	50
Net fair value (gain)/loss on investments	-	(3,297)
Interest expenses	1,629	-
Loss/(Gain) on disposal of investment	750	(3,198)
Change in operating assets and liabilities:		
Decrease/(Increase) in trade and other receivables	647	(234)
Decrease in trade and other payables	(410)	(842)
Net cash used in operating activities	<u>(1,557)</u>	<u>(10,656)</u>

Changes in liabilities arising from financing activities

Consolidated	Convertible notes \$'000	Loan payable \$'000	Other loans \$'000	Total \$'000
Balance at 1 July 2018	17,896	20	105	18,021
Net cash (used in)/from financing activities	(2,000)	2,200	-	200
Interest payable	749	-	-	749
Other	-	(20)	-	(20)
Balance at 30 June 2019	16,645	2,200	105	18,950
Net cash (used in)/from financing activities	-	(2,200)	-	(2,200)
Interest payable	1,511	-	-	1,511
Other	-	-	(105)	(105)
Balance at 30 June 2020	<u>18,156</u>	<u>-</u>	<u>-</u>	<u>18,156</u>

Note 18. Events after the reporting period

On 27 August 2020, the Company received \$1,540,000 repayment of loan from REY.

No other matters or circumstances have arisen since 30 June 2020 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.