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annual report 2014

Partnering business between **Australia** and **China**

ASF

Dear Shareholder,

I am pleased on behalf of the Board of Directors to present the 2014 Annual Report of ASF Group Limited ("company") and its controlled entities ("**ASF**" or the "Group").

The Group has had an exciting and eventful year as it continues to invest and add value to its existing assets. We are very pleased with the investments completed during the year and we have been able to add significant value to our existing portfolio of investments.

The Group has now established itself as a significant Aus-Sino investment and trading house, focused principally on the identification, incubation and realisation of specific opportunities, especially in the areas of oil & gas, resource, property, infrastructure, travel and financial services. Through our investments we transform early-stage Australian opportunities into deliverable projects through joint venturing or other forms of co-operation with the Group's expanding network of major Chinese mining, trading and strategic investor partners. We remain confident in ongoing Chinese investment interest in Australian resource and energy projects and real estate complementing Australia's ongoing need for foreign capital.

The Group is pleased with the results in its principal investments including:

- Rey Resources Limited (ASX:REY);
- Key Petroleum Limited (ASX:KEY); and
- Civil and Mining Resources Pty Limited ("CMR Coal").

A project that remains an exciting focus for the Group is the proposed multi-billion dollar "Gold Coast Integrated Resort" where we have been announced as the proponent by the Queensland Government and the Gold Coast City Council for an Integrated Resort development ("IRD") in the Broadwater area of the Gold Coast, Australia. The entirely private sector funded IRD project will deliver a cruise ship terminal and other multi-billion dollar integrated tourism components, including a world-class casino. It represents potentially the largest piece of integrated tourism infrastructure in Queensland's history.

Also I wish to pass on my special thanks to our shareholders who have continued to support the company through the year with their participation in two rights issues, the first in December 2013 and again in July 2014. The company successfully raised under those rights issues a total of $16,000,000.

I wish to thank my fellow Directors and staff and consultants for their support and excellent work during the year. We look forward to creating further value for our shareholders in the coming years.

Yours sincerely,

Min Yang
Chairman

30 September 2014

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 year ended 30 June 2014.

Directors

The following persons were directors of ASF Group Limited during the whole of the financial 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 Xin Zhang
Mr Yong Jiang
Mr Alan Humphris (retired 28 November 2013)
Mr Chi Yuen (William) Kuan (appointed 1 April 2014)

Principal activities

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

Dividends

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

Review of operations

The profit for the Group after providing for income tax and non-controlling interest amounted to $956,000 (30 June 2013: loss of $30,505,000).

Revenue from continuing operations of the Group for the financial year ended 30 June 2014 was $1,262,000 (2013: $1,748,000).

Profit for the year was also contributed by the following items:

· Reversal of impairment of investment in Rey Resources Limited of approximately $6,470,000;
· Profit on partial disposal of investment in ActivEX Limited of approximately $527,000; and
· Recognition of $1,200,000 arising from the settlement of a misappropriation claim against a major Australian Bank.

At the reporting date, the Group has an outstanding convertible loan ('Convertible Loan') owing to Star Diamond Developments Limited ('Star Diamond') of $3,110,000, consisting of both principal and interest. At a general meeting of the company held on 8 August 2014, shareholders approved the conversion of all outstanding Convertible Loans (including accrued interest) into shares of the company at the price of $0.18 per share. Accordingly, the Convertible Loan (inclusive of interest) was subsequently repaid in full by the issue of 17,490,411 fully paid ordinary shares of the company on 8 August 2014.

Financial position

On 13 March 2014, the company announced the extension of its on-market share buyback program for another 12 months. For the year ended 30 June 2014, the company spent approximately $81,000 on this program and a total of 449,657 shares were bought back. Net assets as at 30 June 2014 were $18,299,000, compared to $1,159,000 for the previous year.

The significant increase in net assets this year was predominantly due to:
· Conversion of the principal amount of $8 million Convertible Loan; and
· Reversal of impairment in Rey Resources Limited.

The Group maintains a strong cash position. In July 2014, the company announced a fully underwritten non-renounceable 1 for 8 Rights Issue which was completed in early August and raised approximately $10 million (before costs).

Principal Investments

ActivEX Limited

ActivEX Limited ('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 February 2014, the Group subscribed for 47,192,105 shares under its entitlement in the non-renounceable 1 for 2 Rights Issue of AIV at a price of $0.012 per share.

During the financial year, the Group transferred a total of 58,241,768 fully paid ordinary shares of AIV to the nominee of Star Diamond as partial conversion of the Convertible Loan. Subsequently in June 2014, the Group further disposed of 60 million shares of AIV to Great Scheme Investments Limited at a price of $0.0175 per share. The partial disposal of investment in AIV generated a profit of approximately $527,000.

At the reporting date the Group held approximately 16.1% of the issued capital in AIV.

Rey Resources Limited

As at 30 June 2014, the Group holds approximately 18.21% of the equity in Rey Resources Limited ('REY').

REY is an ASX-listed resource exploration and development company holding energy interests including oil, gas and thermal coal in Western Australia. The principal activity of REY is exploring for and developing energy resources in Western Australia.

REY holds a 25% interest in two highly prospective Canning Basin petroleum permits known as the 'Fitzroy Blocks' (EP457 and EP458), coal exploration leases and applications for a Mining Lease (M04/453) and a Miscellaneous Licence (L04/58). On 29 May 2014, REY announced that it had executed an agreement with Key Petroleum (Australia) Pty Ltd ('Key') (a wholly owned subsidiary of Key Petroleum Limited) and Caracal Exploration Pty Ltd to farm-in to Exploration Permit EP437 in the North Perth Basin. This permit is located to the north of the large Dongara Field, which has been producing oil and gas since 1971. As part of the JV agreement, REY (via its wholly owned subsidiary Rey Oil and Gas Perth Pty Ltd) will earn up to 43.47% in EP437 by contributing 86.94% of the costs. This cost has been capped at $1.7 million for the Dunnart-2 exploration well which is being managed by Key as operator of the permit.

On 16 July 2014, REY announced that it had entered into a Strategic Cooperation Framework Agreement with China National Fuel Corporation ('CNFC') a China based energy company. The agreement formalises discussions that have occurred over the past 12 months and has a key objective that the parties will jointly establish and develop oil and gas opportunities together with associated infrastructure in Western Australia with an emphasis in the Canning Basin. CNFC was established in 1988, and is a state owned corporation with main businesses of petroleum and natural gas distribution, as well as coal mining. As at December 2013, the total assets of CNFC were in excess of RMB¥31 billion with annual turnover over RMB¥10 billion.

On 19 August 2014, the Group subscribed for a further 15,000,000 fully paid ordinary shares of REY at a price of $0.10 per share. As a result, the Group currently has an interest of approximately 19.84% of the issued capital of REY.

Key Petroleum Limited

In January 2014 the company, through its wholly-owned subsidiary became a cornerstone investor holding 19.9% of the equity interest in Key Petroleum Limited ('KEY').

KEY is a publicly 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.

Omnitech Holdings Limited

In April 2014, the Group disposed of its 20% interest in ASF Kaili Resource Pty Ltd, holder of two tenements in the Western Australia, to Omnitech Holdings Limited ('OHL') for 2.2 million fully paid ordinary shares of OHL representing approximately 3.3% of the issued capital of OHL.

OHL is an investment holding company, which is listed (but not trading) on the ASX and currently holds mineral exploration tenements in Queensland and Western Australia.

Civil & Mining Resources Pty Ltd
In December 2013, the Group acquired 68.21% equity interest in Civil & Mining Resources Pty Ltd ('CMR') for a cash consideration of $1,079,000. Pursuant to the agreement, the Group will grant a convertible loan facility of up to $5 million to CMR over 2 years, which will be converted into shares of CMR at the Group's option. If the Group does not elect to convert upon maturity, the loan will be repayable together with interest of 10% per annum.

CMR is a coal exploration company incorporated in Queensland. Its major assets comprise 25 Exploration Permits for Coal (EPCs) in Queensland. CMR offers a significant portfolio of prospective further hard coking, PCI and thermal coal projects ranging from potentially immediate to longer-term development timeframes.

On 12 August 2014, the company announced that CMR had defined an 119Mt maiden JORC Inferred thermal coal resource at its Dawson West Project in the Bowen Basin, central Queensland. The Project is a new coal precinct close to operating coalmines, road and rail infrastructure and the townships of Moura and Theodore.

Metaliko Resources Limited
On 18 August 2014 the Group announced that it had subscribed for 22,195,557 shares representing approximately 7% in the issued capital of Metaliko Resources Limited ('MKO') at a price of $0.03 per share. MKO was incorporated in October 2010 with a focus on advanced stage gold exploration projects with identified gold mineralization and the potential for further significant discoveries.

Its project portfolio is located in the Eastern Goldfields of Western Australia. The projects are located on, or adjacent to, the regional structures associated with the world class and major gold deposits of the Eastern Goldfields.

Minerals and resources

ASF Resources Limited (Thermal Coal)
The projects held by ASF Resources Ltd are located 150km east of Derby in Western Australia within the northern Canning Basin. During 2014 further tenement rationalisation was carried out with the relinquishment of E04/1887 (Verity Bore), E04/1428 (Gum Bore), E04/1435 (Merilee Bore). In addition E04/1670 was significantly reduced with the portion retained being adjacent and to the east of the REY Duchess Paradise thermal coal project. Ongoing review of the overall coal prospectively continued in 2014.

ASF Kaili Resource Pty Limited (Thermal Coal)
ASF Kaili comprises two tenements located in the northern Canning Basin adjacent and to the east of the Rey Resources Duchess Paradise thermal coal project. There was no field based exploration in 2014 and all prior exploration results were compiled and reviewed resulting in significant portions of both E04/1433 (Annette Bore) and E04/1436 (Lucky Bore) being relinquished.

In April 2014, the Group disposed of its 20% interest in ASF Kaili to OHL for 2.2 million fully paid ordinary shares of OHL at a price of $0.055 each.

China Coal Resources Pty Limited (Thermal Coal and Base Metals)
China Coal Resources Pty Limited ('CCR') manages several joint ventures with the Group in Western Australia, Queensland and Tasmania.

In Western Australia, CCR manage the Dongara Project located in the north Perth Basin 250km north of Perth. GEOS Mining has completed a prospective review of the Dongara Project with several possible drill sites to test the sub surface thermal coal mineralisation. Following the review CCR will be relinquishing the southern portion of E70/4403 where potential coal mineralisation is at uneconomic depth based on current market conditions to focus on shallower coal mineralisation in the north of the project.

In Tasmania, CCR manages two base metal projects located in north (Wilmont) and west (Lake Pieman) Tasmania. Both projects have been reviewed in light of recent encouraging field work with a view to further field work in the second half of 2014. Both Wilmont (June 2014) and Lake Pieman (July 2014) have been partially relinquished with renewal documents having been lodged with Mines and Resources Tasmania (MRT).

In Queensland, CCR manage 2 EPCs at Nelgai Creek (EPC 2820) and Two Mile Creek (EPC 2821). GEOS Mining has completed a prospective review of the 2 licences and has recommended a two phase drilling program to explore for thermal coal. CCR has reviewed the proposal and will be relinquishing the eastern portion of both EPC 2820 and 2821 with a view to drill testing there areas in line with the GEOS Mining review.

ASF Coal Pty Limited (Thermal Coal)
ASF Coal has 4 licences in SE Queensland including the newly granted tenements EPCs 1861(Mt Hope), 2110(Cooya Creek) and 2094(Glenrowan) and EPC 1508(Leyburn). A thorough review of the 3 newly granted tenements was carried out with preliminary work programs developed leading to drill testing of the Walloon Coal Measures.

Victory Coal Pty Limited (Thermal Coal)
Victory Coal has 1 licence located north of the Queensland town of Roma in the Surat Basin. Victory Coal is considering drill testing for thermal coal in the second half of 2014 to first half of 2015 based on a prospective review carried out by GEOS Mining.

Basin Coal Pty Limited (Thermal Coal)
Basin Coal is focussed on coal exploration in Victoria and have a single exploration licence in the South Gippsland Region located east of Melbourne. A work program and budget have been submitted to the Victorian Mines Department for review ahead of planned field work in the second half of 2014 to first half of 2015. During the year all historical exploration was reviewed and prospective coal areas delineated for ongoing exploration and drill testing.

ASF Metals Pty Limited (Base Metals)
ASF Metals are currently carrying out base metal exploration in western Tasmania and are planning further exploration in the second half of 2014 to the first half of 2015 as a follow up to recent positive exploration results.

ASF Copper (Base Metals)
ASF Copper manages a single tenement in Western Tasmania EL44/2011(Temma), which is prospective for copper and iron. Limited exploration to date has delineated several copper/iron anomalies and a work program has been submitted to Mines Resources Tasmania, which has been approved. Exploration is planned for between late 2014 to the first half of 2015.

Austin Resource (Tin and Gold)
Austin Resources manage a single tenement in northern Tasmania EL23/2011 Derby, which is located in an area of alluvial tin mining. A phase 1 budget comprising geological mapping and gravity survey traverses has been approved. Exploration is planned between late 2014 to the first half of 2015.

Property marketing and services
ASF Properties Pty Ltd (ASF Properties), a 100% owned subsidiary of the company, continues to provide property and marketing services to investors in China. ASF Properties is actively engaged in real estate marketing and sales for a number of prestigious brands in Australia such as Rose Group, Meriton and PBD Developments.

In November 2013, ASF Properties entered into a long-term and strategic cooperative ‘partnership’ with E-house (China) Holdings Limited (‘E-house’), a leading real estate services company in China with a diverse range of services, strong brand recognition and a broad geographic presence. E-house is listed on the New York Stock Exchange and their clients include leading domestic and international real estate developers. From September to November 2013, E-house and ASF Properties have jointly held or participated in three property roadshows in Shanghai, China. The property projects presented on the roadshows include Yang Land Point Cook and Breakfast Point. Recently ASF Properties is planning another series of marketing activities with E-house for the other Australian properties, which include Hope Island project.

During the same period, ASF Properties has also formed a strategic partnership with Century China First Group Limited (‘Century China’), a Hong Kong based property-consulting company with years’ experience in overseas property investment services for clients. With their success in the Hong Kong market, Century China has extended their service to Macau and Mainland China market since 2013.

In addition, ASF Properties maintains a good partnership with China Real Estate Association, which is the peak industry body and which has a large network and significant influence in the Chinese real estate sector.

The Group believes that ASF Properties represents an important strategic platform in the Group’s role as a means for China-based investors to access the Australian real estate market.

Fund management and advisory services
As part of the Group, the role of ASF Capital Pty Limited ('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 opportunities in Australia.

ASF Capital holds an Australian Financial Services Licence (‘ASFL’) and operates as the investment banking arm of ASF Group Limited.

After a successful application in May 2013, ASF Capital was granted a modified AFSL which enables the Group to work with Chinese groups in expanding their activities in Australia, especially in the Funds Management Sector.

With the establishment of the ASF Capital Investment Fund, a number of opportunities have been investigated and designed to provide Chinese entrepreneurs and other high net worth individuals participation in the recently introduced Significant Investor Visa (‘SIV’) programme. The Fund will seek to make direct and indirect investments in infrastructure and real estate in Australia and in other assets permitted under the SIV programme.

ASF Capital also formed a Venture Fund in which it will seek to make investment into Australian and overseas innovative technologies.

ASF Capital is also involved in Funds Management through its role in marketing selective international and domestic funds to the Australian investor markets.

Gold Coast Integrated Resort, Queensland
In February 2014, ASF Consortium Pty Ltd, a wholly owned subsidiary of the company, was announced as the Proponent by the Queensland Government and the Gold Coast City Council for the proposed multi-billion dollar “Gold Coast Integrated Resort” (‘GCIR’). The project is located primarily on the Wave Break Island in the Broadwater area of the Gold Coast of Australia.

As the Proponent, ASF Consortium Pty Ltd, has been invited to further develop a detailed proposal for an “Integrated Resort Development” (‘IRD’) that builds upon the city’s history of tourism innovation, creates significant new jobs, drives tourism growth and underpins the local economy.

The entirely private sector funded GCIR project will deliver a cruise ship terminal and other multi-billion dollar integrated tourism components, including a world-class casino. It represents potentially the largest piece of integrated tourism infrastructure in Queensland’s history.

The projected $7.5 billion dollar IRD will provide an estimated $14.6 billion economic benefit, 12,275 jobs on completion and 477,000 extra visitor nights on the Gold Coast each year.

ASF Consortium is currently stepping through the “Request For Design Proposal” (‘RFDP’) of the IRD with expected proposal submission in late October 2014.

Significant changes in the state of affairs
In November 2013, the company announced a pro-rata non-renounceable 1 for 2 Rights Issue at $0.10 each. The Rights Issue closed on 13 December 2013 and raised additional issued capital of $6,308,000.

On 19 December 2013 the Group acquired a 68.205% equity interest in Civil & Mining Resources Pty Ltd (CMR) for approximately $1,079,000.

During the year, the Group acquired a 19.9% equity interest in Key Petroleum Limited (ASX: KEY) for $1,468,000.

On 19 March 2014 the Group acquired a 100% equity interest in Austin Resources Pty Ltd and ASF Copper Pty Ltd for $300,000.

During the year, an aggregate amount of $9,314,000 (inclusive of interest) of the convertible loan due to Star Diamond Developments Limited was repaid by way of cash, transfer of investment and issue of ordinary shares in the Group.

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

Matters subsequent to the end of the financial year

On 2 July 2014, the company announced a fully underwritten pro-rata non-renounceable 1 for 8 rights issue at $0.18 per share ('Offer'). The Offer closed on Thursday, 31 July 2014, raising the amount of $10,057,000 for the company, before costs.

At the general meeting of the company held on 8 August 2014, shareholders' approval had been sought for the conversion of all outstanding convertible loans in the amount of $3,148,000 (inclusive of accrued interest) due to Star Diamond into 17,490,411 fully paid ordinary shares of the company at an issue price of $0.18 per share. Shareholders also approved at the general meeting that an aggregate of 12,300,000 fully paid ordinary shares be issued to the directors and employees of the company.

On 18 August 2014, the company announced that it had subscribed for 22,195,557 shares representing approximately 7% in the issued capital of Metaliko Resources Limited at a price of $0.03 per share.

On 19 August 2014, ASF Canning Basin Energy Pty Ltd ('ASFCBE'), a wholly owned subsidiary of the company, subscribed for 15,000,000 fully paid ordinary shares of Rey Resources Limited at a price of $0.10 per share. As a result, ASFCBE currently has an interest of approximately 19.84% of the issued capital of Rey Resources Limited.

No other matter or circumstance has arisen since 30 June 2014 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.

Likely developments and expected results of operations

Refer to review of operations section above for information on likely developments and expected results of operations.

Environmental regulation

The Group's operations are presently subject to environmental regulation under the laws of the Commonwealth of Australia and the states of Tasmania, Western Australia and Queensland. The Group is at all times in full environmental compliance with the conditions of its licences.

Information on directors

Name:	Ms Min Yang
Title:	Director and Chairman
Experience and expertise:	Ms. Yang has extensive business connections in the Asia Pacific region, especially greater China, and has over 20 years of hands-on experience dealing with both private and state-run businesses in China. Over the years, Min Yang has proven her unique business insight and expertise in the identification, incubation and realisation of embryonic opportunities in the resources, commodities, trading and residential estate and financial investment sectors.
Other current directorships:	Non-executive Chairman of ActivEX Limited (ASX: AIV) and Rey Resources Limited (ASX:REY). Non-executive director of Key Petroleum Limited (ASX: KEY) and Metaliko Resources Ltd (ASX: MKO).
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit Committee
Interests in shares:	Direct interest of 286,500 ordinary shares and indirect interest of 70,233,750 ordinary shares held by FY Holdings Limited which is jointly controlled by Ms Yang and Mr Fang

Name:	Mr Nga Fong (Alex) Lao
Title:	Vice Chairman and Non-Executive Director
Experience and expertise:	Mr Lao is the managing director of ASF Macau Multinational Holdings Limited and in charge of the operations of Multinational Youth Travel Agency Limited. Mr Lao resides in Macau where he has business interests in property, travel and retail industries and is Chairman of the Macau Travel Agency Association.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	16,387,750 ordinary shares

Name:	Mr Quan (David) Fang
Title:	Director
Experience and expertise:	Mr Fang was born in Shanghai. He is multilingual, speaking Mandarin, Shanghai dialect, Cantonese and English. Mr. Fang has extensive experience in the property sector covering property sales/marketing development, acquisition, and syndication.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	Direct interest of 10,000 ordinary shares and indirect interest of 70,233,750 ordinary shares held by FY Holdings Limited which is jointly controlled by Ms Yang and Mr Fang

Name:	Mr Wai Sang Ho
Title:	Non-executive director
Experience and expertise:	Mr Ho is a Hong Kong resident and a large property developer in Southern China. He has substantial property interests in Hong Kong and China.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	36,057,187 ordinary shares

Name:	Mr Geoff Baker
Title:	Non-executive Director
Qualifications:	Mr Baker is a qualified lawyer in Australia and Hong Kong with a Commerce degree (Accounting and Financial Management), a Law degree and MBA.
Experience and expertise:	Mr Baker assists in the international operations of the Group. He joined the Group after practising extensively for 30 years as a lawyer in Australia, Japan, Asia and China.
Other current directorships:	Mr Geoff Baker is a non-executive director of Rey Resources Limited (ASX: REY), ActivEX Limited (ASX: AIV) Metaliko Resources Ltd (ASX: MKO) and an alternate director of Key Petroleum Limited (ASX: KEY)
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit Committee
Interests in shares:	Indirect interest of 7,734,517 ordinary shares held by Gold Star Industry Ltd, a related entity

Name:	Mr Xin Zhang
Title:	Non-executive Director
Experience and expertise:	Mr Zhang is the sole shareholder and director of Suntimes International Limited, a substantial shareholder of the company. Mr Zhang is also the founder and controlling shareholder of China Glory International Investment Group (CGIG) which was established in Beijing 15 years ago. CGIG's investments are primarily engaged in real estate development that has developed billions of dollars of properties in China. CGIG also has investments in resources and trading. Mr Zhang has extensive business and government networks in China.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	Direct interest of 1,000,000 ordinary shares and Indirect interest of 45,000,000 ordinary shares held by Suntimes International Limited, a related entity.

Name:	Mr Yong Jiang
Title:	Non-executive Director
Experience and expertise:	Mr Jiang is the founder and chairman of a prestigious business club in Shenzhen. He is also the founder and general manager of a diversified media company focusing on the investment and production of films, TV and entertainment programmes based in Beijing. Over the years, he has been serving in senior executive positions in a number of Chinese enterprises. Through his involvement in these areas, Mr Jiang has established an extensive network of high net worth individuals with successful business experience in China.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	300,000 ordinary shares

Name:	Mr Chi Yuen (William) Kuan
Title:	Executive Director and Company Secretary
Qualifications:	Mr Kuan is a CPA and a member of the Institute of Chartered Secretaries and Administrators (ICSA) in the UK
Experience and expertise:	Mr Kuan joined the Group as the Company Secretary in February 2010 and has been responsible for all aspects of financial and corporate matters of the Group. He has extensive experience in accounting, corporate finance and company secretarial areas. Prior to joining the Group, he was company secretary for a number of diverse Hong Kong listed companies.
Other current directorships:	Director of Omnitech Holdings Limited (ASX: OHL)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	250,000 ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Mr Chi Yuen (William) Kuan, company secretary, is a CPA and a member of the Institute of Chartered Secretaries and Administrators (ICSA) in the UK. William has extensive experience in accounting, corporate finance and company secretarial areas. Prior to joining the Group, he was company secretary for a number of diverse Hong Kong listed companies.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2014, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Ms Min Yang - Chairman	5	5	1	1
Mr Nga Fong (Alex) Lao	3	5	-	-
Mr Quan (David) Fang	5	5	-	-
Mr Wai Sang Ho	5	5	-	-
Mr Geoff Baker	5	5	3	3
Mr Xin Zhang	3	5	-	-
Mr Yong Jiang	1	5	-	-
Mr Alan Humphris	3	3	2	2
Mr William Kuan	1	1	-	-

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness to attract and retain key talent
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

While the Group does not have a remuneration committee, the Board is responsible for determining and reviewing compensation arrangements for the directors and the senior management team.

The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

Alignment to shareholders' interests:
- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:
- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, these directors. Non-executive directors' fees and payments are reviewed annually by the Board.

Executive remuneration
The Group aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has the following components:
- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and the overall performance of the Group and comparable market remunerations. Other retirement benefits may be provided by the Group if approved by shareholders.

Directors receive fixed monthly salary or consulting fees for providing consulting services to the Group.

There are no guaranteed base pay increases included in any executives' contracts.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Group and provides additional value to the executive.

The long-term incentives ('LTI') include long service leave and share-based payments. LTI are provided to certain employees via the employee share plan which was approved by shareholders at the 2007 annual general meeting. The employee share plan is designed to provide LTI for executives to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Group's performance and link to remuneration
There is at present no direct link between remuneration and earnings except that the Board have decided that payments for services rendered should be kept to a minimum.

Use of remuneration consultants
During the financial year ended 30 June 2014, the Group did not use any remuneration consultants.

Voting and comments made at the company's 2013 Annual General Meeting ('AGM')
At the 2013 AGM, the remuneration report was unanimously approved by the shareholders of the company. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of the key management personnel ('KMP') of the Group are set out in the following tables.

The key management personnel of the Group consisted of the directors of ASF Group Limited and Mr. William Kuan, Company Secretary from 1 July 2013 to 31 March 2014. On 1 April 2014 William was appointed as director of ASF Group Limited.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2014	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Geoff Baker	263,867	-	-	1,791	-	-	265,658
Xin Zhang	80,000	-	-	7,400	-	-	87,400
Yong Jiang	73,333	-	-	6,783	-	-	80,116
Alan Humphris(1)	45,000	-	-	1,350	-	-	46,350
Executive Directors:							
Min Yang	198,584	-	-	2,142	-	-	200,726
David Fang(2)	139,529	-	-	-	-	-	139,529
William Kuan	125,617	-	-	15,970	-	-	141,587
	925,930	-	-	35,436	-	-	961,366

(1)Represents remuneration from 1 July 2013 to 28 November 2013.
(2)Represents consulting fees paid to consulting company, Sincere Investments Group Ltd. Mr Fang is engaged by Sincere Investments Group Ltd to provide consulting services to ASF Group Limited. Mr Fang has no beneficial interest in Sincere Investments Group Ltd. Payments made to Sincere Investments Group Ltd are considered indirect payments to Mr Fang.

The Directors who are not listed in the table above did not receive any remuneration during the financial year.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2013	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Geoff Baker	199,380	-	-	-	-	-	199,380
Xin Zhang	74,000	-	-	6,660	-	-	80,660
Alan Humphris	108,000	-	-	3,240	-	-	111,240
Executive Directors:							
Min Yang(1)	142,403	-	-	-	-	-	142,403
David Fang(1)	112,856	-	-	-	-	-	112,856
Other Key Management Personnel:							
William Kuan	100,396	-	-	8,977	-	-	109,373
Sally Humphris, Executive Director, ASF Capital (2)	66,890	-	-	5,625	-	-	72,515
Justin Clarke, Development and Operations Director, ASF Corporate (3)	127,771	-	-	-	-	-	127,771
	931,696	-	-	24,502	-	-	956,198

(1)Includes consulting fees paid to consulting company, Sincere Investments Group Ltd. Ms. Yang and Mr. Fang are engaged by Sincere Investments Group Ltd to provide consulting services to ASF Group Limited. The directors have no beneficial interest in Sincere Investments Group Ltd. Payments made to Sincere Investments Group Ltd are considered indirect payments to Ms. Yang and Mr. Fang. From October 2012, Ms. Yang was employed by ASF (Hong Kong) Limited, a wholly owned subsidiary of the company, with a base salary of HK$100,000 per month.
(2)Represents remuneration from 1 July 2012 to 30 November 2012. Ms Humphris resigned as KMP on 30 November 2012.
(3)Represents remuneration from 1 July 2012 to 23 April 2013. The consultancy agreement with Mr. Clarke was terminated on 23 April 2013.

100% of the remuneration for the year 2014 and 2013 were fixed remuneration.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Min Yang
Title:	Chairman
Agreement commenced:	1 October 2012
Term of agreement:	Open ended
Details:	An employment contract signed with ASF (Hong Kong) Limited on 1 October 2012. Ms.Yang will receive fixed remuneration of HK$100,000 per month commencing from 1 October 2012. The contract may be terminated at any time by either party giving to the other party not less than 30 days prior written notice. From 1 January 2014 consultancy agreement between Civil & Mining Resources Pty Ltd and the director's related entity Luxe Hill Ltd. Consulting fee payable of A$5,000 per month. The contract may be terminated at any time by either party giving to the other party not less than 3 months prior written notice.

Name:	Quan (David) Fang
Title:	Director
Agreement commenced:	1 January 2014
Term of agreement:	6 months, subject to renewal every 6 months
Details:	The consultancy agreement dated 22 October 2008 with Sincere Investments Group Ltd was superseded by a new consultancy agreement dated 1 January 2014 entered into between ASF China Holdings Limited and Sincere Investment Group Ltd. Consultancy fees payable at HK$80,000 per month for a six-month term and subject to renewal every six months. Mr.Fang was engaged by Sincere Investments Group Ltd to provide consulting services to the Group. Mr David Fang has no beneficial interest in Sincere Investments Group Ltd, however, payments made to Sincere Investments Group Ltd are considered indirect payment to Mr David Fang.

Name:	Geoff Baker
Title:	Non-executive director
Agreement commenced:	1 August 2012
Term of agreement:	Open ended
Details:	Employment contract with ASF (Hong Kong) Limited. Mr.Baker will receive a fixed remuneration of HK$40,000 per month plus housing allowance of HK$40,000 per month commencing 1 August 2012. The contract may be terminated at any time by either party giving to the other party not less than 30 days prior written notice. Consultancy contract with the director's related entity Gold Star Industry Limited. Consulting fee payable of A$9,500 per month. From 1 January 2014 consultancy agreement between Civil & Mining Resources Pty Ltd and the director's related entity Gold Star Industry Limited. Consulting fee payable of A$2,500 per month. The contact maybe terminated at any time by either party giving to the other party not less than 3 months prior written notice.

Name:	Xin Zhang
Title:	Non-executive director
Agreement commenced:	30 July 2012
Term of agreement:	Open ended
Details:	Mr Zhang is employed by the Group under an employment agreement. Mr.Zhang will receive fixed remuneration of A$6,667 per month plus superannuation. The contract may be terminated at any time by either party giving to the other party not less than 4 weeks prior written notice.

Name:	Yong Jiang
Title:	Non-executive director
Agreement commenced:	1 August 2013
Term of agreement:	Open ended
Details:	Mr.Jiang is employed by the Group under an employment agreement. Mr. Jiang will receive fixed remuneration of A$6,667 per month plus superannuation. The contract may be terminated at any time by either party. For the employer, the period of such notice must be at least 4 weeks. For the employee, the period of such notice must be at least 12 weeks.

Name:	Chi Yuen (William) Kuan
Title:	Executive Director and Company Secretary
Agreement commenced:	1 February 2010
Term of agreement:	Open ended
Details:	Mr.Kuan is employed by the Group under an employment agreement. Mr. Kuan will receive fixed remuneration of A$13,000 per month plus superannuation. The contract may be terminated at any time by either party giving to the other party not less than 30 days prior written notice.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2014.

There were no options over ordinary shares granted to or vested in directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Additional information
The earnings of the Group for the five years to 30 June 2014 are summarised below:

	2014 $'000	2013 $'000	2012 $'000	2011 $'000	2010 $'000
Sales revenue	1,262	1,748	1,653	1,518	342
Profit (Loss) after income tax	(577)	(30,539)	21,169	(1,747)	(2,757)
Net equity	18,299	1,159	29,199	8,668	8,095

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2014	2013	2012	2011	2010
Average share price ($)	0.16	0.21	0.14	0.12	0.16
Basic earnings per share (cents per share)	0.25	(9.82)	6.88	0.53	1.02
Share buy-back ($'000)	81	345	1,556	-	-

Additional disclosures relating to key management personnel
In accordance with Class Order 14/632, issued by the Australian Securities and Investments Commission, relating to 'Key management personnel equity instrument disclosures', the following disclosure relates only to equity instruments in the company or its subsidiaries.

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Min Yang (1)	286,500	-	-	-	286,500
Nga Fong (Alex) Lao	13,678,000	-	-	-	13,678,000
Quan (David) Fang (1)	10,000	-	-	-	10,000
Wai Sang Ho	8,583,333	-	4,291,667	-	12,875,000
Geoff Baker (2)	5,234,517	-	-	-	5,234,517
Xin Zhang (3)	40,000,000	-	-	-	40,000,000
Alan Humphris (4)	1,700,000	-	-	(1,700,000)	-
	69,492,350	-	4,291,667	(1,700,000)	72,084,017

(1)The above shareholding excludes indirect interest of 62,430,000 (2013:41,620,000) shares held by FY Holdings Limited, an entity jointly controlled by Ms. Yang and Mr. Fang.
(2)The indirect interests represents shares held by Gold Star Industry Ltd which is controlled by Mr Baker.
(3)The indirect interests represents shares held by Suntimes International Limited which is controlled by Mr Zhang.
(4)Disposals/other represents 1,700,000 shares held at resignation date, not necessarily physical disposal of shareholding.

Other transactions with key management personnel and their related parties
Rent paid on the operating lease of the head office of the Group to SPC Investments Pty Ltd, an entity in which Ms Min Yang has a beneficial interest $206,580 (2013: $196,743)

Commissions on property sales to Sino Property Network Ltd, an entity in which Ms Min Yang has a beneficial interest $83,648 (2013: $28,445)

In 2013 the Group acquired the remaining 25% shareholding interest ASF Capital Pty Ltd from Mr Alan Humphris and his associates for $75,000.

This concludes the remuneration report, which has been audited.

Shares under option
There were no unissued ordinary shares of ASF Group Limited under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of ASF Group Limited issued on the exercise of options during the year ended 30 June 2014 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former audit partners of Grant Thornton
There are no officers of the company who are former audit partners of Grant Thornton.

Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order 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 on the following page.

Auditor
Grant Thornton continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Min Yang
Chairman

30 September 2014
Sydney

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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 audit of ASF Group Limited and controlled entities ("Group") for the year ended 30 June 2014, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

I S Kemp
Partner - Audit & Assurance

Sydney, 30 September 2014

ASF Group Limited (the 'company') is committed to good corporate governance and disclosure. The company has substantially adopted the ASX Corporate Governance Council's Principles and Recommendations with 2010 Amendments (2nd Edition) for the entire financial year. Where the ASX Corporate Governance Council's recommendations have not been adopted by the company, this has been identified and explained below.

	Principal	**Complied**	**Note**
1. Lay solid foundations for management and oversight			
1.1	Establish the functions reserved to the Board and those delegated to senior executives.	Yes	1
1.2	Disclose the process of evaluating the performance of senior executives.	Yes	2
1.3	Provide the information indicated in the Guide to reporting on Principle 1.	Yes	1-2
2. Structure the Board to add value			
2.1	A majority of the Board should be independent directors.	No	3
2.2	The chair should be an independent director.	No	4
2.3	The roles of chair and chief executive officer are not exercised by the same individual.	No	5
2.4	The Board should establish a nomination committee.	No	6
2.5	Disclose the process for evaluating the performance of the Board, its committee and individual directors.	Yes	2
2.6	Provide the information indicated in the Guide to reporting on Principle 2.	Yes	3-6
3. Promote ethical and responsible decision-making			
3.1	Establish a code of conduct and disclose the code or a summary of the code.	Yes	7
3.2	Establish a policy concerning diversity and disclosed the policy or a summary of that policy.	No	8
3.3	Disclose the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Yes	9
3.4	Disclose the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes	10
3.5	Provide the information indicated in the Guide to reporting on Principle 3.	Yes	8-10
4. Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee.	Yes	11
4.2	The audit committee should be structured so that it:		11
	• consists only of non-executive directors;	No	
	• consists of a majority of independent directors;	No	
	• is chaired by an independent chair who is not chair of the Board;	No	
	• has at least three members.	No	
4.3	The audit committee should have a formal charter.	Yes	11
4.4	Provide the information indicated in the Guide to reporting on Principle 4	Yes	11
5. Make timely and balanced disclosure			
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	12
5.2	Provide the information indicated in Guide to reporting on Principle 5.	Yes	12
6. Respect the rights of shareholders			
6.1	Has a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of the policy.	Yes	13
6.2	Provide the information in the Guide to reporting on Principle 6.	Yes	13
7. Recognise and manage risk			
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	14
7.2	Require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	14

7.3	Disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks.	Yes	15
7.4	Provide the information indicated in Guide to reporting on Principle 7.	Yes	14-15
8. Remunerate fairly and responsibly			
8.1	Establish a remuneration committee.	No	16
8.2	The remuneration committee is structured so that it: • consists of a majority of independent directors; • is chaired by an independent chair; • has at least three members.	 No No No	16
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	17
8.4	Provide the information indicated in Guide to reporting on Principle 8.	Yes	16-17

Notes

1. The directors of the company are accountable to shareholders for the proper management of the business and affairs of the company.

   The key responsibilities of the Board are:
   - the oversight of the company including its control and accountability systems;
   - establishing, monitoring and modifying corporate strategies and performance objectives;
   - ensuring that appropriate risk management systems, internal compliance and control, reporting systems, codes of conduct, and legal compliance measures are in place;
   - monitoring the performance of management and implementation of strategy, and ensuring appropriate resources are available;
   - approving and monitoring of financial and other reporting;
   - approving dividends, major capital expenditure, acquisitions and capital raising/restructures;
   - appointment and removal of directors, Company Secretary and senior management.

   A copy of the ASF Board Charter can be viewed on the company's website www.asfgroupltd.com.

   The company has an informal process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of the Group concerning performance of directors. Directors also have the opportunity to visit the Group's facilities and meet with management to gain a better understanding of business operations.

   Senior executives have a formal job description and letter of appointment describing their term of office, duties, rights and responsibilities.

2. While no performance evaluation of the Board or management was carried out for the financial year ended 30 June 2014, this is continually monitored by the Chairman and the Board. The Chairman also speaks to each director individually regarding their role as a director.

3. The Board assesses directors against the criteria established by the ASX Corporate Governance Council to ensure they are in a position to exercise independent judgement. Directors are considered independent if they are independent of Management and free from any relationship that could materially interfere with, or could reasonably by perceived to interfere with independent judgement.

   Any director who considers that he/she has a conflict of interest in a matter before the Board must disclose that conflict, and, if necessary withdraw from any discussion on that matter, and not vote on that matter.

   At the reporting date of the 2014 Annual Report, one Board member – Mr Wai Sang Ho is independent director. While there is not a majority of independent Directors on the Board, it is believed that the people on the Board can and do make independent judgements in the best interests of the company and its shareholders at all times.

4. The Chairperson is not an independent director. The Board believes that even though the Chairperson is not an independent director she is able to make quality and independent judgements on all relevant issues falling within the scope of the role of a Chairman.

5. The roles of Chairperson and Chief Executive Officer are currently exercised by the same individual which is believed to be appropriate at this stage in the company's development.

6. The company does not have a nomination committee as the size of the company and the Board does not warrant such a committee. All Board nomination matters are considered by the whole Board.

   The Board oversees the appointment and induction process for directors and committee members, and the selection, appointment and succession planning process of the company's executive management team. The appropriate skill mix, personal qualities, expertise and diversity are factors taken into account in each case. When a vacancy exists or there is a need for particular skills, the Board determines the selection criteria based on the required skills.

   The Board annually reviews the effectiveness of the functioning of the Board, individual directors, and senior executives.

7. The Group recognises the need for directors and employees to observe the highest standards of behaviour and business ethics. All directors and employees are required to act in accordance with the law and with the highest standard of propriety.

   The company has adopted a code of conduct to guide compliance with legal and other obligations to stakeholders of the company. This code provides guidance to directors and management on practices necessary to maintain confidence in the integrity of the company.

8. The company does not have a specific diversity policy. However, the Group always constantly pursuit the recruitment on the basis of competence and performance regardless of age, nationality, gender, race, religious beliefs or cultural background.

9. The company will be considering the adaptation of a diversity policy and believe the following objectives will be the part of the measurable gender diversity objectives throughout the organisation:
   (1) Develop a diverse and skilled workforce to continually pursuit the achievement of corporate goals;
   (2) Build and maintain a safe work environment against inappropriate workplace and business behaviour (including sexual discrimination, harassment, sexual-bullying and victimisation);
   (3) Develop flexible work practices to meet the different needs of our employees and especially to assist our female employees to achieve the life-work balance; and
   (4) Provide employment and career development opportunities for women.

10. Of the eight directors, one is female who is the Chairman of the Board. Within the workforce of the Group, women comprise approximately 36% of the employees.

11. The company has an established Audit Committee with Mr Geoff Baker, a non-executive director, as Chairman. As a result of the retirement Mr Alan Humphris on 28 November 2013, Ms Min Yang, Chairman of the Board, was appointed as a new member of the Audit Committee. The Board believes that even though Mr Geoff Baker is not an independent director, he is able to make quality and independent judgements on all relevant issues falling within the scope of the role of a non-executive director and Audit Committee Chairman.

    A formal charter of the audit and risk management committee has been approved by the Board.

12. The company has established procedures designed to ensure compliance with the ASX Listing Rules so that company announcements are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

    Established policies also ensure accountability at a senior management level for ASX compliance. The Board approves all disclosures necessary to ensure compliance with ASX Listing Rule disclosure requirements.

13. The company has a communications strategy and an established policy on stakeholder communication and continuous disclosure to promote effective communication with shareholders, subject to privacy laws and the need to act in the best interests of the company by protecting commercial information.

    The policy on communication with shareholders is set out in the company's 'Policy on stakeholder communication and continuous disclosure'.

14. The Board has established policies on risk oversight and management. To carry out this function the Board:
    - oversees the establishment, implementation, and annual review of the company's risk management system, including assessing, monitoring and managing operational, financial reporting, and compliance risks for the Group;
    - reviews the financial reporting process of the company;
    - discusses with management and the external auditors, the adequacy and effectiveness of the accounting and financial controls, including the policies and procedures of the company to assess, monitor and manage business risk;
    - reviews and assesses the independence of the external auditor.
    - reviews with the external auditor any audit problems and the company's critical accounting policies and practices.

    Systems of internal financial control have been put in place by the management of the company and are designed to provide reasonable, but not absolute protection against fraud and material misstatement. These controls are intended to identify, in a timely manner, control issues that require attention by the Board.

    The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities.

    Practices have been established to ensure:
    - prior Board approval is obtained for capital expenditure and revenue commitments above specified thresholds and limits as determined by the Board from time to time;
    - financial exposures are controlled, including the use of derivatives. Further details of the company's policies relating to interest rate management, forward exchange rate management and credit risk management are included in the financial statements;
    - occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
    - business transactions are properly authorised and executed;
    - the quality and integrity of personnel; and
    - financial reporting accuracy and compliance with the financial reporting regulatory framework.

15. The Board has received from management an assurance that internal risk management and the internal control system is effective; and assurance from the Chairman that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control which is operating effectively in respect to financial reporting risks.

16. Due to the small number of executives, the company does not have a remuneration committee. The functions normally carried out by such a committee are currently handled by the whole Board.

17. The remuneration policy, which sets the terms and conditions for the Chairman and other senior executives has been approved by the Board.

    All executives receive fees and also may receive performance incentives in the form of shares. The Board reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies.

    Executives may be entitled to participate in shares issued under the employee share plan.

    Options may be issued to directors and company executives as part of their remuneration. Its purpose is to provide directors and company executives with an opportunity to share in the potential growth in value of the company's shares and to encourage them to improve the performance of the company and its return to shareholders.

    The amount of remuneration of all directors and executives, including all monetary and non-monetary components, is detailed in the Director's Report. All remuneration paid and shares issued to executives are valued at a cost to the company and expensed.

    The Board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the economic entity. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

Contents

General information

The financial statements cover ASF Group Limited as a Group consisting of ASF Group Limited and its subsidiaries. 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 30 September 2014. 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 year ended 30 June 2014

	Note	Consolidated 2014 $'000	Consolidated 2013 $'000
Revenue	4	1,262	1,748
Other income	5	8,262	298
Expenses			
Commission and fee expenses	6	(93)	(168)
Consultancy expenses		(3,068)	(1,346)
Marketing expenses		(323)	(403)
Employee benefits expense		(1,698)	(1,342)
Depreciation and amortisation expense	6	(37)	(46)
Impairment of investments in associates	6	-	(23,436)
Impairment of assets	6	(974)	(20)
Legal and professional fees		(991)	(1,030)
Other expenses		(682)	(658)
Occupancy		(610)	(483)
Share of loss of associates	6	(794)	(2,835)
Finance costs	6	(831)	(1,037)
Loss before income tax benefit		(577)	(30,758)
Income tax benefit	7	-	219
Loss after income tax benefit for the year		(577)	(30,539)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Gain on the revaluation of available-for-sale financial assets, net of tax		-	1,373
Foreign currency translation		154	270
Other comprehensive income for the year, net of tax		154	1,643
Total comprehensive income for the year		(423)	(28,896)
Loss for the year is attributable to:			
Non-controlling interest		(1,533)	(34)
Owners of ASF Group Limited	22	956	(30,505)
		(577)	(30,539)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(1,533)	(34)
Owners of ASF Group Limited		1,110	(28,862)
		(423)	(28,896)
		Cents	**Cents**
Basic earnings per share	37	0.25	(9.82)
Diluted earnings per share	37	0.25	(9.82)

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

	Note	Consolidated 2014 $'000	Consolidated 2013 $'000
Assets			
Current assets			
Cash and cash equivalents	8	2,309	2,410
Trade and other receivables	9	1,276	236
Other	10	140	87
Total current assets		3,725	2,733
Non-current assets			
Other receivables	11	306	198
Investments accounted for using the equity method	12	13,187	8,468
Other financial assets - at fair value through profit or loss	13	1,589	-
Property, plant and equipment	14	102	115
Exploration and project costs	15	5,465	1,360
Total non-current assets		20,649	10,141
Total assets		24,374	12,874
Liabilities			
Current liabilities			
Trade and other payables	16	880	1,910
Borrowings	17	4,922	9,776
Employee benefits	18	53	29
Total current liabilities		5,855	11,715
Non-current liabilities			
Borrowings	19	220	-
Total non-current liabilities		220	-
Total liabilities		6,075	11,715
Net assets		18,299	1,159
Equity			
Issued capital	20	73,029	55,283
Reserves	21	2,686	4,352
Accumulated losses	22	(57,745)	(58,701)
Equity attributable to the owners of ASF Group Limited		17,970	934
Non-controlling interest	23	329	225
Total equity		18,299	1,159

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 2012	54,583	2,933	(28,196)	(121)	29,199
Loss after income tax benefit for the year	-	-	(30,505)	(34)	(30,539)
Other comprehensive income for the year, net of tax	-	1,643	-	-	1,643
Total comprehensive income for the year	-	1,643	(30,505)	(34)	(28,896)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 20)	1,045	-	-	-	1,045
Share buy-back	(345)	-	-	-	(345)
Acquisition of shares in subsidiary from non-controlling interests	-	(224)	-	-	(224)
Non-controlling interest	-	-	-	380	380
Balance at 30 June 2013	55,283	4,352	(58,701)	225	1,159

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2013	55,283	4,352	(58,701)	225	1,159
Profit/(loss) after income tax benefit for the year	-	-	956	(1,533)	(577)
Other comprehensive income for the year, net of tax	-	154	-	-	154
Total comprehensive income for the year	-	154	956	(1,533)	(423)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 20)	15,592	-	-	-	15,592
Share buy-back	(81)	-	-	-	(81)
Change in non-controlling interests	-	415	-	1,637	2,052
Reserves reclassified to contributed equity	2,235	(2,235)	-	-	-
Balance at 30 June 2014	73,029	2,686	(57,745)	329	18,299

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

	Note	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		390	1,948
Payments to suppliers (inclusive of GST)		(6,548)	(5,583)
		(6,158)	(3,635)
Interest received		30	66
Other revenue		1,235	-
Net cash used in operating activities	36	(4,893)	(3,569)
Cash flows from investing activities			
Payment for purchase of assets of subsidiaries, net of cash acquired		(1,228)	-
Payments for investment in subsidiaries		-	(75)
Payments for investment in other financial assets		(1,468)	-
Payments for property, plant and equipment		(26)	(27)
Payments for investment in exploration and related assets		(2,526)	(214)
Payments for investment in associates		(561)	(12,751)
Payments for purchase of subsidiary, net of cash acquired		-	1,502
Proceeds from sale of subsidiary		-	600
Proceeds from sale of investments in associates		1,050	-
Repayment of loans by related entities		-	125
Net cash used in investing activities		(4,759)	(10,840)
Cash flows from financing activities			
Proceeds from borrowings		300	9,000
Proceeds from issue of shares	20	9,310	1,045
Payments for share buy-backs		(81)	(345)
Share issue transaction costs	20	(32)	-
Net cash from financing activities		9,497	9,700
Net decrease in cash and cash equivalents		(155)	(4,709)
Cash and cash equivalents at the beginning of the financial year		2,410	7,103
Effects of exchange rate changes on cash and cash equivalents		54	16
Cash and cash equivalents at the end of the financial year	8	2,309	2,410

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Any significant impact on the accounting policies of the Group from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards are most relevant to the Group:

AASB 10 Consolidated Financial Statements
The Group has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The Group not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 12 Disclosure of Interests in Other Entities
The Group has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
The Group has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
The Group has applied AASB 119 and its consequential amendments from 1 July 2013. The standard changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standard
The Group has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

Note 1. Significant accounting policies (continued)

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities
The Group has applied AASB 2012-2 from 1 July 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle
The Group has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments
The Group has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
The Group has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

Comparatives
Comparatives in the statement of profit or loss and other comprehensive income have been reclassified, where necessary, to align with the current period presentation. There was no effect on profit or net assets.

Net current asset deficiency
As at 30 June 2014, the Group is in a net current liability position of $2,130,000. Current liabilities included $3,110,000 of convertible notes which have been converted into fully paid ordinary shares of the company after the end of the financial year.

Further, as detailed in note 35, the company has successfully completed a rights issue raising additional equity in the form of ordinary shares amounting to $10,057,000 before costs.

The directors believe the Group has sufficient funds to settle its debts as and when they become due and payable. Accordingly the financial statements continue to be prepared on a going concern basis.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies in this note. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

Note 1. Significant accounting policies (continued)

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 32.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ASF Group Limited ('company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. ASF Group Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is ASF Group Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 1. Significant accounting policies (continued)

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Resources trading
Revenue from resources trading is recognised when the mineral resources are shipped and the vessel is departed from the port.

Commission revenue
Commission revenue from the sale of properties is recognised when a contract is exchanged and settlement has taken place.

Corporate services
Revenue from corporate services is recognised in the accounting period in which the services are rendered.

Fund management and advisory services
Revenue from fund management and advisory services is recognised in the accounting period in which the services are rendered.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

ASF Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 1. Significant accounting policies (continued)

Associates
Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or Group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value basis over the useful lives to the consolidated entity commencing from the time the assets is held ready for use. The following estimated useful lives are used in the calculation of depreciation:

Plant and equipment	25% - 37.5%
Leasehold improvements	37.5%
Motor vehicles	20%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Note 1. Significant accounting policies (continued)

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Mining exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning

Capitalised project costs

Capitalised project costs represents costs incurred in relation to the planning and development of the proposed development of an integrated Marine Project at the Broadwater (‘Gold Coast Integrated Resort’). The Group is chosen as the proponent of Gold Coast Integrated Resort giving exclusive right to the site.

Expenditure incurred on the project is carried as an asset in the statement of financial position where it is expected that the expenditure will be recovered through successful development and future use. The capitalised costs are amortised over the period of their expected benefits. The Group is in the process of determining the amortisation method and useful life.

Note 1. Significant accounting policies (continued)

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a non-controlling interest reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:
- interest on short-term and long-term borrowings

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Note 1. Significant accounting policies (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

Note 1. Significant accounting policies (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of ASF Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 1. Significant accounting policies (continued)

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2014. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments and its consequential amendments
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The Group will adopt this standard and the amendments from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the Group.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
These amendments are applicable to annual reporting periods beginning on or after 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the Group.

Note 1. Significant accounting policies (continued)

AASB 2014-1 Amendments to Australian Accounting Standards
These amendments are in several parts. Part A makes various amendments to Australian Accounting Standards arising from the issuance of IASB's 'Annual Improvements to IFRSs 2010-2012 Cycle' and 'Annual Improvements to IFRSs 2011-2013 Cycle' (both described below). Part B makes amendments to AASB 119 'Employee in relation to the requirements for contributions from employees or third parties that are linked to service which arise from the issuance of IASB's 'Defined Benefit Plans – Employee Contributions (Amendments to IAS 19)'. Part C makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 'Materiality'. Part D makes consequential amendments arising from the issuance of AASB 14 'Regulatory Deferral Accounts'. Part E makes consequential amendments to numerous other Standards as a consequence of the introduction of hedge accounting requirements into AASB 9 'Financial Instruments' in December 2013. Amendments Part A to D are applicable to annual reporting periods beginning on or after 1 July 2014 or as specified in each Part. Amendments Part E are applicable to annual reporting periods beginning on or after 1 January 2015 or as specified in Part E.

Annual Improvements to IFRSs 2010-2012 Cycle
These amendments affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments will not have a material impact on the Group.

Annual Improvements to IFRSs 2011-2013 Cycle
These amendments affect four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'Firsttime Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments; Recognition and Measurement' or AASB 9 'Financial Instruments',
regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments will not have a material impact on the Group.

Note 1. Significant accounting policies (continued)

IFRS 15 Revenue from Contracts with Customers
This standard is expected to be applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the Group.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Mining tenements and exploration expenditure
Development expenditure incurred by and on behalf of the Group is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises direct costs plus overhead expenditure incurred which can be directly attributed to the development process.

All expenditure incurred prior to the commencement of commercial levels of production from each area of interest is carried forward to the extent which recoupment out of revenue to be derived from the sale of production from the area of interest, or by its sale, is reasonably assured.

This process necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether economically viable extraction operations can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy it is concluded unlikely that the expenditure will be recovered by future exploitation or sale, the relevant amount capitalised is written off to profit or loss

Expenditure on existing mining tenements have been fully capitalised.

Impairment of investments in associates
The Group makes significant judgements about the impairment of a number of its investments in associates. The Group follows the guidance of AASB 136 Impairment of Assets to determine when an investment is impaired or when a previously recognised impairment is reversed. This determination requires significant judgement. In making this judgement the Group evaluates the outlook of the investee, including factors such as industry performance and likely prospectivity of underlying exploration and evaluation assets.

Note 3. Operating segments

Identification of reportable operating segments
The Group's operating segment is 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.

Following a reassessment of the information provided to the CODM, it has been concluded that the Group operates in only one segment, being an investment and trading house. Comparative information has been restated in line with the current operating segment.

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 4. Revenue

	Consolidated	
	2014	2013
	$'000	$'000
Sales revenue		
Commission revenue	95	348
Fund management and advisory service	548	204
Corporate services	589	1,130
	1,232	1,682
Other revenue		
Interest	30	66
Revenue	1,262	1,748

Note 5. Other income

	Consolidated 2014 $'000	Consolidated 2013 $'000
Net gain on disposal of Investments	286	298
Reversal of impairment in equity accounted investments	6,470	-
Other income	1,506	-
Other income	8,262	298

Refer to note 12 for details of reversal of impairment in equity accounted investments in associates.

Note 6. Expenses

	Consolidated 2014 $'000	Consolidated 2013 $'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	6	8
Plant and equipment	24	30
Motor vehicles under lease	7	8
Total depreciation	37	46
Impairment		
Mining exploration and evaluation expenditures	974	20
Share of loss (profit) of associates		
China Coal Resources Pty Ltd	39	51
Kalli International Resources Ltd	(221)	314
Rey Resources Limited	642	1,349
ActivEX Limited	334	635
ASF Resources Limited*	-	486
Total share of loss (profit of associates)	794	2,835
Impairment of investment in associates		
China Coal Resources Pty Ltd	-	670
Kalli International Resources Ltd	-	1,423
Rey Resources Limited	-	6,471
ASF Resources Limited*	-	14,872
Total Impairment of associates	-	23,436
Finance costs		
Interest and finance charges paid/payable	831	1,037
Rental expense relating to operating leases		
Minimum lease payments	513	441
Superannuation expense		
Defined contribution superannuation expense	106	88

* ASF Resources Limited was an associate of the Group for part of the year in June 2013. On 21 June 2013 the Group obtained control over ASF Resources Limited.

Note 7. Income tax benefit

	Consolidated 2014 $'000	Consolidated 2013 $'000
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(577)	(30,758)
Tax at the statutory tax rate of 30%	(173)	(9,227)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	5	8
Share of loss - associates	238	851
Capital gain on conversion of Star Diamond convertible loan	(445)	-
Impairment of inter-company loans	1,313	1,299
Impairment of investment	-	7,031
Reversal of impairment of investment	(1,941)	-
Tax capitalisation of project costs	620	-
Other adjustments	(669)	(980)
	(1,052)	(1,018)
Current year tax losses not recognised	1,052	799
Income tax benefit	-	(219)

	Consolidated 2014 $'000	Consolidated 2013 $'000
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	11,931	8,425
Potential tax benefit @ 30%	3,579	2,528

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 8. Current assets - cash and cash equivalents

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash on hand and at bank	2,309	2,410

Note 9. Current assets - trade and other receivables

	Consolidated	
	2014	2013
	$'000	$'000
Trade receivables	15	166
Other receivables	1,261	70
	1,276	236

Impairment of receivables
The Group has recognised a loss of $66,000 (2013: Nil) in profit or loss in respect of impairment of receivables for the year ended 30 June 2014.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated	
	2014	2013
	$'000	$'000
Over 6 months overdue	66	-

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2014	2013
	$'000	$'000
Receivables written off during the year as uncollectable	66	-

Past due but not impaired
As at 30 June 2014, no trade receivables were past due but not impaired (2013: Nil)

Note 10. Current assets - other

	Consolidated	
	2014	2013
	$'000	$'000
Prepayments	139	86
Other current assets	1	1
	140	87

Note 11. Non-current assets - other receivables

	Consolidated	
	2014	2013
	$'000	$'000
Deposits	306	198

Note 12. Non-current assets - investments accounted for using the equity method

	Consolidated	
	2014 $'000	2013 $'000
Kaili International Resource Ltd	217	-
China Coal Resources Pty Ltd	467	503
Rey Resources Limited (ASX: REY)	11,808	5,980
ActivEX Limited (ASX: AIV)	695	1,985
	13,187	8,468

Refer to note 34 for further information on interests in associates.

The increase in the carrying value of the investment in Rey Resources Limited was predominately due to the reversal of the impairment charge by $6,470,000. In the previous year due to existence of certain indicators of impairment in associates, the Group performed impairment testing and accordingly impaired its investment in Rey Resources. During the current year, reporting date fair value was used as determination of the recoverable value, based on Rey Resources share price listed on ASX as at 30 June 2014. Based on the reassessment impairment charge of 6,470,000 was reversed during the year.

Note 13. Non-current assets - other financial assets - at fair value through profit or loss

	Consolidated	
	2014 $'000	2013 $'000
Investment in Omnitech Holdings Limited (ASX: OHL)	121	-
Investment in Key Petroleum Ltd (ASX: KEY)	1,468	-
	1,589	-

Refer to note 26 for further information on fair value measurement.

Note 14. Non-current assets - property, plant and equipment

	Consolidated	
	2014 $'000	2013 $'000
Leasehold improvements - at cost	148	148
Less: Accumulated depreciation	(137)	(131)
	11	17
Plant and equipment - at cost	200	157
Less: Accumulated depreciation	(137)	(94)
	63	63
Motor vehicles - at cost	55	55
Less: Accumulated depreciation	(27)	(20)
	28	35
	102	115

Note 14. 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 2012	13	72	43	128
Additions	12	15	-	27
Additions on obtaining control of consolidated entities	-	6	-	6
Disposals	-	(1)	-	(1)
Exchange differences	-	1	-	1
Depreciation expense	(8)	(30)	(8)	(46)
Balance at 30 June 2013	17	63	35	115
Additions	-	19	-	19
Additions on obtaining control of consolidated entities	-	6	-	6
Exchange differences	-	(1)	-	(1)
Depreciation expense	(6)	(24)	(7)	(37)
Balance at 30 June 2014	11	63	28	102

Note 15. Non-current assets - exploration and project costs

	Consolidated 2014 $'000	Consolidated 2013 $'000
Mining exploration and evaluation expenditures	4,500	1,360
Capitalised project costs	965	-
	5,465	1,360

Consolidated	Mining exploration and evaluation expenditures $'000	Capitalised project costs $'000	Total $'000
Balance at 1 July 2012	657	-	657
Additions	213	-	213
Additions on obtaining control of consolidated entities	780	-	780
Disposals	(270)	-	(270)
Impairment of assets	(20)	-	(20)
Balance at 30 June 2013	1,360	-	1,360
Additions	1,441	965	2,406
Additions on obtaining control of consolidated entities	2,673	-	2,673
Impairment of assets	(974)	-	(974)
Balance at 30 June 2014	4,500	965	5,465

Note 15. Non-current assets - exploration and project costs (continued)

Mining and exploration and evaluation expenditure increased significantly during the financial year predominately due to mining and exploration assets recognised on the acquisition of Civil & Mining Resources Pty Ltd ('CMR'). The acquisition of CMR has been treated as an asset acquisition as it did not meet the definition of a business in accordance with AASB 3 'Business Combinations'. For further details refer to note 39.

Note 16. Current liabilities - trade and other payables

	Consolidated	
	2014 $'000	2013 $'000
Trade payables	609	350
Other payables	271	1,560
	880	1,910

Refer to note 25 for further information on financial instruments.

Note 17. Current liabilities - borrowings

	Consolidated	
	2014 $'000	2013 $'000
Convertible notes payable	3,110	9,776
Loan payable	2,056	-
Facility related costs	(244)	-
	4,922	9,776

Refer to note 25 for further information on financial instruments.

On 23 August 2012, the company entered into a Loan Agreement with Star Diamond Developments Limited ('Star Diamond') and pursuant to which Star Diamond agreed to grant a Convertible Loan of $7,000,000 which can be converted into either one or a combination of the company's shares or into new shares of the company's subsidiaries or investments held by such subsidiaries. The convertible loan facility was subsequently increased to $10,000,000 and the expiry date extended to 30 September 2014.

During the year, an aggregate amount of $9,314,000 (inclusive of interest $1,314,000) of the convertible loan due to Star Diamond was repaid by way of cash, transfer of investment and issue of ordinary shares in the Group. On conversion the facility balance was reduced to $2,000,000.

In May 2014, the company obtained a further $1,000,000 convertible loan facility from Star Diamond with maturity date of 31 December 2014.

Convertible notes payable at 30 June 2014, $3,110,000 (inclusive of interest $110,000) represented a convertible loan owing to Star Diamond.

The loan payable of $2,056,000 is owed by CMR and repayable on or before 14 November 2014.

Note 17. Current liabilities - borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2014 $'000	2013 $'000
Total facilities		
Convertible notes payable	3,000	10,000
Loan payable	2,056	-
	5,056	10,000
Used at the reporting date		
Convertible notes payable	3,000	9,000
Loan payable	2,056	-
	5,056	9,000
Unused at the reporting date		
Convertible notes payable	-	1,000
Loan payable	-	-
	-	1,000

Note 18. Current liabilities - employee benefits

	Consolidated	
	2014 $'000	2013 $'000
Employee benefits	53	29

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 19. Non-current liabilities - borrowings

	Consolidated	
	2014 $'000	2013 $'000
Convertible notes payable	300	-
Facility related costs	(80)	-
	220	-

Refer to note 25 for further information on financial instruments.

Convertible notes payable of $300,000 represents convertible notes due by CMR.

Note 19. Non-current liabilities - borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Total facilities		
Convertible notes payable	300	-
Used at the reporting date		
Convertible notes payable	300	-
Unused at the reporting date		
Convertible notes payable	-	-

Note 20. Equity - issued capital

	Consolidated 2014 Shares	2013 Shares	2014 $'000	2013 $'000
Ordinary shares - fully paid	446,961,296	295,824,532	73,029	55,283

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2012	292,403,709		54,583
Share placement	4 March 2013	5,000,000	$0.22	1,045
Share buy-back	1 July 2013 - 30 June 2014	(1,579,177)	$0.00	(345)
Balance	30 June 2013	295,824,532		55,283
Transfer from reserves	1 July 2013	17,467,645	$0.13	2,235
Share placement	10 September 2013	10,545,222	$0.22	2,290
Share placement	30 September 2013	3,091,142	$0.22	680
Rights issue	19 December 2013	63,078,685	$0.10	6,308
Star Diamond conversion	30 December 2013	36,363,636	$0.11	4,000
Star Diamond conversion	20 January 2014	21,040,091	$0.11	2,314
Share buy-back	1 July 2013 - 30 June 2014	(449,657)	$0.00	(81)
Balance	30 June 2014	446,961,296		73,029

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.

Note 20. Equity - issued capital (continued)

Share buy-back
During the year, the company spent $81,000 on share buy-backs. The buy-back program is expected to expire on 27 March 2015 and it is the company's present intention to extend the program for another year.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The Group is actively pursuing additional investments as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2013 Annual Report.

Note 21. Equity - reserves

	Consolidated	
	2014 $'000	2013 $'000
Foreign currency reserve	489	335
Share-based payments reserve	-	2,235
Non-controlling interests reserve	2,197	1,782
	2,686	4,352

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

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

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.

Note 21. Equity – reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency reserve $'000	Share-based payment reserve $'000	Non-controlling interest reserve $'000	Total $'000
Balance at 1 July 2012	64	2,235	2,006	4,305
Foreign currency translation	271	-	-	271
Acquisition of shares in subsidiaries and other non-controlling interest	-	-	(224)	(224)
Balance at 30 June 2013	335	2,235	1,782	4,352
Foreign currency translation	154	-	-	154
Reserves reclassified to shares	-	(2,235)	-	(2,235)
Acquisition of shares in subsidiaries and other non-controlling interest	-	-	415	415
Balance at 30 June 2014	489	-	2,197	2,686

Note 22. Equity - accumulated losses

	Consolidated 2014 $'000	Consolidated 2013 $'000
Accumulated losses at the beginning of the financial year	(58,701)	(28,196)
Profit/(loss) after income tax benefit for the year	956	(30,505)
Accumulated losses at the end of the financial year	(57,745)	(58,701)

Note 23. Equity - non-controlling interest

	Consolidated 2014 $'000	Consolidated 2013 $'000
Retained profits	329	225

Note 24. Equity - dividends

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

Note 25. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Note 25. Financial instruments (continued)

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. However the foreign currency exposure is limited due to the size of transactions in currencies that is not the entity's functional currency.

Price risk
The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the balance sheet as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk.

The Group's exposure to market price risk arises from its investments in shares in listed corporations which are subject to significant risk of changes in value from changing market prices. The risk is monitored and managed by having appropriate investment strategies in place.

Equity investments are publicly traded on the Australian Stock Exchange (ASX). If there was a 10% increase or decrease in the Australian All Ordinaries Index, with all other variables held constant, the Group's profit before tax would have been $159,000 higher/ $159,000 lower (2013: Nil). The percentage change is the expected overall volatility of the investments, which is based on management's assessment of reasonable possible fluctuations.

Interest rate risk
The Group's main interest rate risk arises from borrowings comprising convertible notes and loan payable and cash at bank.

Due to the short term nature of the borrowings and fixed interest rate the Group's exposure to interest rate risk is limited to interest on cash at bank.

An official increase/decrease in interest rates of 50 (2013:50) basis points would have an adverse/favorable effect on profit before tax of $ 12,000 (2013: $12,000) per annum.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 25. Financial instruments (continued)

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Convertible notes payable	-	1,000

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2014	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	609	-	-	-	609
Interest-bearing - fixed rate						
Convertible notes payable	12.00%	3,260	311	-	-	3,571
Loan payable	10.00%	2,128	-	-	-	2,128
Total non-derivatives		5,997	311	-	-	6,308

Consolidated - 2013	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	350	-	-	-	350
Interest-bearing - fixed rate						
Convertible notes payable	12.00%	10,046	-	-	-	10,046
Total non-derivatives		10,396	-	-	-	10,396

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 26. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, 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

Consolidated - 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Investments at fair value through profit or loss	1,589	-	-	1,589
Total assets	1,589	-	-	1,589

There were no transfers between levels during the financial year.

2013: There were no assets and liabilities measured at fair value.

Note 27. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated 2014 $	Consolidated 2013 $
Short-term employee benefits	925,930	931,696
Post-employment benefits	35,436	24,502
	961,366	956,198

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the company, and unrelated firms:

	Consolidated 2014 $	Consolidated 2013 $
Audit services - Grant Thornton (2013: Pricewaterhouse Coopers)		
Audit or review of the financial statements	156,732	356,181
Audit services - unrelated firms		
Audit or review of the financial statements	67,671	10,923
Other services - unrelated firms		
Tax compliance service	26,640	4,000
Tax consulting and advice	-	69,171
	26,640	73,171
	94,311	84,094

Note 29. Contingencies

The Group has given bank guarantees as at 30 June 2014 of $143,000(30 June 2013: $111,000).

Note 30. Commitments

	Consolidated	
	2014	2013
	$'000	$'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	282	207
One to five years	-	161
	282	368
Capital commitments - Exploration and evaluation		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	2,832	665
One to five years	10,579	-
	13,411	665

Operating lease commitments includes contracted amounts for commercial leases under non-cancellable operating leases expiring within 1 year with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Capital commitments relate to minimum annual expenditure required to be incurred by the Group under exploration licenses for tenements in Western Australia, Tasmania, Queensland and Victoria.

Note 31. Related party transactions

Parent entity
ASF Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 33.

Associates
Interests in associates are set out in note 34.

Key management personnel
Disclosures relating to key management personnel are set out in note 27 and the remuneration report in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2014	2013
	$	$
Sale of goods and services:		
Corporate service fee paid by associates	144,000	516,304
Share placement and advisory fees paid by associates	107,200	174,301

Note 31. Related party transactions (continued)

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 32. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2014	2013
	$'000	$'000
Loss after income tax	(1,325)	(5,920)
Total comprehensive income	(1,325)	(5,920)

Statement of financial position

	Parent	
	2014	2013
	$'000	$'000
Total current assets	38,128	30,413
Total assets	41,971	35,411
Total current liabilities	4,896	12,522
Total liabilities	4,896	12,522
Equity		
Issued capital	73,029	55,283
Share-based payments reserve	-	2,235
Non-controlling interests reserve	10	10
Accumulated losses	(35,964)	(34,639)
Total equity	37,075	22,889

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2014 and 30 June 2013.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2014 and 30 June 2013.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2014 and 30 June 2013.

Note 32. Parent entity information (continued)

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2014 %	Ownership interest 2013 %
ASF Canning Basin Energy Pty Ltd	Australia	100.00%	100.00%
ASF Canning Pty Ltd	Australia	100.00%	100.00%
ASF Capital Investment Fund	Australia	100.00%	-%
ASF Capital Secure Fund	Australia	100.00%	-%
ASF China Holdings Limited	British Virgin Islands	100.00%	100.00%
ASF Coal Pty Ltd	Australia	100.00%	100.00%
ASF Consortium Pty Ltd*	Australia	100.00%	100.00%
ASF Copper Pty Ltd	Australia	100.00%	-%
ASF Corporate Pty Ltd	Australia	100.00%	100.00%
ASF Energy Pty Ltd	Australia	100.00%	100.00%
ASF Gold and Copper Pty Ltd	Australia	100.00%	100.00%
ASF (Hong Kong) Ltd	Hong Kong	100.00%	100.00%
ASF Infrastructure Group Pty Ltd	Australia	100.00%	100.00%
ASF Metals Pty Ltd	Australia	100.00%	100.00%
ASF Oil and Gas Holdings Pty Ltd	Australia	100.00%	-%
ASF Properties Pty Ltd	Australia	100.00%	100.00%
ASF Resources (WA) Pty Ltd	Australia	100.00%	100.00%
ASF Technologies Ltd	Hong Kong	100.00%	80.00%
ASF Venture Fund	Australia	100.00%	-%
Aushome China Pty Ltd	Australia	100.00%	100.00%
Austin Resources Pty Ltd	Australia	100.00%	-%
Basin Coal Pty Ltd	Australia	100.00%	100.00%
Victory Coal Pty Ltd	Australia	100.00%	100.00%

* Change of name from ASF China Property Fund Pty Ltd on 10 October 2013

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Principal activities	Parent Ownership interest 2014 %	Parent Ownership interest 2013 %	Non-controlling interest Ownership interest 2014 %	Non-controlling interest Ownership interest 2013 %
ASF Capital Pty Ltd	Australia	Fund management and advisory	59.51%	100.00%	40.49%	-%
ASF Resources Ltd	Australia	Exploration	53.69%	89.00%	46.31%	11.00%
Civil and Mining Resources Pty Ltd*	Australia	Exploration	68.21%	-%	31.79%	-%

Note 33. Interests in subsidiaries (continued)

* Investment in Civil and Mining Resources Pty Ltd is held by the company's subsidiary ASF Resources Limited.

Summarised financial information
Summarised financial information of subsidiaries with non-controlling interests that are material to the Group are set out below:

	ASF Capital Pty Ltd		ASF Resources Ltd		Civil and Mining Resources Pty Ltd
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000
Summarised statement of financial position					
Current assets	810	226	302	1,470	147
Non-current assets	-	-	1,169	785	3,758
Total assets	810	226	1,471	2,255	3,905
Current liabilities	14	803	386	194	3,761
Total liabilities	14	803	386	194	3,761
Net assets/(liabilities)	796	(577)	1,085	2,061	144
Summarised statement of profit or loss and other comprehensive income					
Revenue	117	91	6	1	213
Expenses	(228)	(202)	(1,942)	(41)	(621)
Loss before income tax expense	(111)	(111)	(1,936)	(40)	(408)
Income tax expense	-	-	-	-	-
Loss after income tax expense	(111)	(111)	(1,936)	(40)	(408)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	(111)	(111)	(1,936)	(40)	(408)
Statement of cash flows					
Net cash from/(used in) operating activities	122	(155)	(352)	(859)	(87)
Net cash used in investing activities	-	-	(798)	(2,164)	(279)
Net cash from/(used in) financing activities	(136)	220	-	(5,500)	300
Net increase/(decrease) in cash and cash equivalents	(14)	65	(1,150)	(8,523)	(66)
Other financial information					
Loss attributable to non-controlling interests	(52)	(28)	(894)	(4)	(258)
Accumulated non-controlling interests at the end of reporting period	(52)	-	1,222	227	(879)

Note 34. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

		Ownership interest	
Name	Principal place of business / Country of incorporation	2014 %	2013 %
China Coal Resources Pty Ltd (1)	Australia	25.00%	25.00%
Kaili International Resource Ltd (2)	Hong Kong	20.00%	20.00%
Rey Resources Limited (3)	Australia	18.21%	20.51%
ActivEX Limited (4)	Australia	16.10%	42.75%

(1) Strategic investment for the Group, entity involved in Thermal Coal and Base Metals.
(2) Entity dormant at year end.
(3) Strategic investment for the Group, entity involved in exploring and developing energy resources.
(4) Strategic investment for the Group, entity involved in mineral exploration targeting copper-gold and gold mineralisation

Note 34. Interests in associates (continued)

Summarised financial information

	China Coal Resources Pty Ltd		Rey Resources Limited		Activex Limited	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Summarised statement of financial position						
Current assets - cash and cash equivalents	7	51	3,000	3,277	3,354	1,187
Current assets - others	-	2	100	20,970	99	90
Non-current assets	1,859	1,982	38,201	15,957	6,216	4,966
Total assets	1,866	2,035	41,301	40,204	9,669	6,243
Current liabilities - financial liabilities excluding trade payables	-	-	-	22	-	-
Current liabilities - others	10	24	500	941	198	191
Non-current liabilities - financial liabilities excluding trade payables	-	-	-	15	2,500	-
Non-current liabilities - others	-	-	45	40	39	86
Total liabilities	10	24	545	1,018	2,737	277
Net assets	1,856	2,011	40,756	39,186	6,932	5,966
Summarised statement of profit or loss and other comprehensive income						
Revenue	-	-	(9)	(9)	-	(3)
Interest income	(5)	(20)	(120)	(297)	26	21
Depreciation and amortisation	1	1	45	60	(55)	(67)
Expenses	159	222	3,388	7,924	(975)	(3,146)
Profit/(loss) before income tax	155	203	3,304	7,678	(1,004)	(3,195)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	155	203	3,304	7,678	(1,004)	(3,195)
Reconciliation of the Group's carrying amount						
Opening carrying amount	503	1,221	5,980	-	1,985	-
Share of loss after income tax	(39)	(51)	(642)	(1,349)	(334)	(635)
Impairment of carrying amount	-	(670)	-	(6,471)	-	-
Reversal of impairment	-	-	6,470	-	-	-
Other adjustments	3	3	-	-	-	-
Additions in Associate	-	-	-	13,800	567	2,620
Disposal of Associates	-	-	-	-	(1,523)	-
Closing carrying amount	467	503	11,808	5,980	695	1,985
Quoted fair value	-	-	12,075	5,980	1,468	2,289

Note 34. Interests in associates (continued)

Kaili International Resource Ltd is not considered material for the purpose of disclosure of above financial information.

Contingent liabilities
Contingent liabilities as at 30 June 2014 Nil (2013: Nil)

Commitments
Share of commitments but not recognised as liability as at 30 June 2014 Nil (2013: Nil)

Note 35. Events after the reporting period

On 2 July 2014, the company announced a fully underwritten pro-rata non-renounceable 1 for 8 rights issue at $0.18 per share ('Offer'). The Offer closed on Thursday, 31 July 2014, raising the amount of $10,057,000 for the company, before costs.

At the general meeting of the company held on 8 August 2014, shareholders' approval had been sought for the conversion of all outstanding convertible loans in the amount of $3,148,000 (inclusive of accrued interest) due to Star Diamond into 17,490,411 fully paid ordinary shares of the company at an issue price of $0.18 per share. Shareholders also approved at the general meeting that an aggregate of 12,300,000 fully paid ordinary shares be issued to the directors and employees of the company.

On 18 August 2014, the company announced that it had subscribed for 22,195,557 shares representing approximately 7% in the issued capital of Metaliko Resources Limited at a price of $0.03 per share.

On 19 August 2014, ASF Canning Basin Energy Pty Ltd ('ASFCBE'), a wholly owned subsidiary of the company, subscribed for 15,000,000 fully paid ordinary shares of Rey Resources Limited at a price of $0.10 per share. As a result, ASFCBE currently has an interest of approximately 19.84% of the issued capital of Rey Resources Limited.

No other matter or circumstance has arisen since 30 June 2014 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.

Note 36. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2014 $'000	2013 $'000
Loss after income tax benefit for the year	(577)	(30,539)
Adjustments for:		
Depreciation and amortisation	37	46
Impairment of investments	-	23,436
Net loss on disposal of property, plant and equipment	-	1
Share of loss - associates	794	2,835
Impairment of exploration assets	974	20
Reversal of impairment of investment in associates	(6,470)	-
Net gain on sale of investments	(286)	(298)
Non-cash transactions - finance cost	822	1,032
Foreign exchange differences	100	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(1,015)	129
Increase in prepayments	(53)	-
Decrease in other operating assets	1,127	-
Decrease in trade and other payables	(370)	(12)
Decrease in deferred tax liabilities	-	(219)
Increase in employee benefits	24	-
Net cash used in operating activities	(4,893)	(3,569)

Note 37. Earnings per share

	Consolidated	
	2014	2013
	$'000	$'000
Loss after income tax	(577)	(30,539)
Non-controlling interest	1,533	34
Profit/(loss) after income tax attributable to the owners of ASF Group Limited	956	(30,505)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	384,544,282	310,552,466
Weighted average number of ordinary shares used in calculating diluted earnings per share	384,544,282	310,552,466

	Cents	Cents
Basic earnings per share	0.25	(9.82)
Diluted earnings per share	0.25	(9.82)

Note 38. Share-based payments

Employee share plan

An employee share plan (the “Plan”) under which shares may be issued by the company to employees was approved by shareholders at the annual general meeting held on 8 November 2007. The terms of the Plan are summarised below:

(i) The Board may at its discretion invite any directors, executives, managers, consultants, officers or employees to apply for shares or rights in the company pursuant to the Plan. These shares or rights will be issued on such terms and conditions prescribed by the Board in accordance with the terms of the Plan.

(ii) The company may not invite participation in the Plan other than in accordance with the requirements of the Corporations Act or by fulfilling the conditions and requirements of an applicable exemption from the Corporations Act.

(iii) Shares or rights will be subject to such escrow requirement as may be imposed by the ASX, but otherwise listing of shares will be subject to policy adopted by the directors.

(iv) The Plan may be amended by the Board subject to the ASX Listing Rules, the Corporations Act and all other applicable laws.

During the year ended 30 June 2014, no shares were issued under the Plan.

Expenses arising from share-based payment transactions

No share-based payment expenses was incurred during the year (2013: Nil)

Note 39. Acquisition of assets

During the year the Group acquired controlling interest in Civil & Mining Resources Pty Ltd ('CMR'), Austin Resources Pty Ltd and ASF Copper Pty Ltd. The acquisition of assets and liabilities in these entities has been treated as an asset acquisition as it did not meet the definition of a business in accordance with AASB 3 'Business Combinations'.

Note 39. Acquisition of assets (continued)

The assets and liabilities acquired are as follows:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash and cash equivalents	151	-
Property, plant and equipment	6	-
Deposits	46	-
Mining exploration and evaluation assets	2,673	-
Other assets	228	-
Loan payable	(2,344)	-
Trade creditors	(1)	-
Non-controlling interest	620	-
Net assets acquired	1,379	-

Total cash consideration paid $1,379,000. Total cash outflow net of cash acquired $1,228,000.

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Min Yang
Chairman

30 September 2014
Sydney

Grant Thornton

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

Report on the financial report

We have audited the accompanying financial report of ASF Group Limited and its controlled entities (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

a the financial report of ASF Group Limited and its controlled entities is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 10 to 15 of the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of ASF Group Limited and its controlled entities for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

I S Kemp
Partner - Audit & Assurance

Sydney, 30 September 2014

The shareholder information set out below was applicable as at 23 September 2014.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	1,388	-
1,001 to 5,000	1,081	-
5,001 to 10,000	396	-
10,001 to 100,000	440	-
100,001 and over	99	-
	3,404	-
Holding less than a marketable parcel	1,924	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
FY HOLDINGS LIMITED	70,233,750	13.19
RUBY BRIDGE GROUP LIMITED	62,069,604	11.66
SUNTIMES INTERNATIONAL LTD	45,000,000	8.45
WAI SANG HO	36,057,187	6.77
MR ZHEN LI	29,159,008	5.48
WELL SMART CAPITAL HOLDINGS (BVI 1557182)	20,250,000	3.80
JADE SILVER INVESTMENTS LIMITED	20,000,000	3.76
RISING GAIN HOLDINGS LIMITED	18,376,875	3.45
BETTER FUTURE CAPITAL INVESTMENT LIMITED	16,875,000	3.17
GLORY RESOURCES INTERNATIONAL INVESTMENT LIMITED	16,875,000	3.17
FOREVER GRAND GROUP LIMITED	16,565,624	3.11
NGA FONG LAO	16,387,750	3.08
XING MAO LIMITED	14,580,870	2.74
JIANYING WANG	13,636,364	2.56
RUITONG WANG	11,250,000	2.11
MR JIANZHONG YANG	10,000,000	1.88
GOLD STAR INDUSTRY LIMITED	7,734,517	1.45
SMART FAMOUS INTERNATIONAL HOLDINGS LIMITED	7,472,207	1.40
STAND MORAL INTERNATIONAL LIMITED	7,181,909	1.35
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,853,279	1.29
	446,558,944	83.87

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
FY HOLDINGS LIMITED	70,233,750	13.19
RUBY BRIDGE GROUP LIMITED	62,069,604	11.66
SUNTIMES INTERNATIONAL LTD	45,000,000	8.45
WAI SANG HO	36,057,187	6.77
MR ZHEN LI	29,159,008	5.48

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
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.

There are no other classes of equity securities.

Directors	Ms Min Yang (Chairman, Director) Mr Nga Fong (Alex) Lao Mr Geoff Baker Mr Quan (David) Fang Mr Wai Sang Ho Mr Yong Jiang Mr William Kuan Mr Xin Zhang
Company secretary	Mr William Kuan
Registered office	Suite 2, 3B Macquarie Street Sydney NSW 2000 Telephone: 02 9251 9088 Facsimile: 02 9251 9066
Principal place of business	Suite 2, 3B Macquarie Street Sydney NSW 2000 Telephone: 02 9251 9088 Facsimile: 02 9251 9066
Share register	Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2000 Telephone: 02 9290 9600 Facsimile:02 9279 0664
Auditor	Grant Thornton Level 17 383 Kent Street Sydney NSW 2000
Solicitors	Thomson Geer Lawyers Level 25 1 O'Connell Street, Sydney NSW 2000 Clayton Utz 1 Bligh Street, Sydney NSW 2000
Bankers	Commonwealth Bank of Australia 363 George Street, Sydney NSW 2000 Bank of China Limited, Sydney Branch 39-41 York Street, Sydney NSW 2000
Stock exchange listing	ASF Group Limited shares are listed on the Australian Securities Exchange (ASX code: AFA)
Website	www.asfgroupltd.com

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www.asfgroupltd.com

ASF