

1. Company details

Name of entity:	ASF Group Limited
ABN:	50 008 924 570
Reporting period:	For the half-year ended 31 December 2014
Previous period:	For the half-year ended 31 December 2013

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	down	50.9% to	245
Loss from ordinary activities after tax attributable to the owners of ASF Group Limited	down	811.2% to	(7,020)
Loss for the half-year attributable to the owners of ASF Group Limited	down	811.2% to	(7,020)

Dividends

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

Comments

The loss for the Group after providing for income tax and non-controlling interest amounted to \$7,020,000 (31 December 2013: profit of \$987,000).

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>5.82</u>	<u>3.98</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The last date(s) for receipt of election notices for the dividend or distribution plans: Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
China Coal Resources Pty Ltd	25.00%	25.00%	(1)	(28)
Kaili International Resource Ltd	20.00%	20.00%	-	-
Rey Resources Limited	19.60%	18.21%	(966)	(136)
ActivEx Limited	19.55%	24.71%	(46)	(91)
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			(1,013)	(255)
Income tax on operating activities			-	-

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

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

The financial statements were subject to a review by the auditors and an unqualified review report, with an emphasis of matter with respect to going concern, is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of ASF Group Limited for the half-year ended 31 December 2014 is attached.

12. Signed



Signed _____

Date: 27 February 2015

Min Yang
Chairman

ASF Group Limited

ABN 50 008 924 570

Interim Report - 31 December 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 half-year ended 31 December 2014.

Directors

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

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

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.

Review of operations

The loss for the Group after providing for income tax and non-controlling interest amounted to \$7,020,000 (31 December 2013: profit of \$987,000).

Financial results and commentary

Revenue from continuing operations of the Group for the half-year ended 31 December 2014 was \$245,000 (2013: \$499,000). Consolidated loss after tax attributable to members of the company amounted to \$7,020,000, compared to a profit of \$987,000 for the corresponding period last year.

Loss for the period was attributed by the following items:

- Impairment of investment in Key Petroleum Limited ('KEY') of \$452,000;
- Share of losses of associates of \$1,013,000; and
- Issue of shares to directors and employees following resolution at the 2014 Annual General Meeting with a share based payments expense of \$2,276,000.

Financial position

At a general meeting of the company held on 8 August 2014, shareholders approved the full repayment of all outstanding convertible loans, including interests, due to Star Diamond Developments Limited ('Star Diamond Convertible Loan') by the issue of 17,490,411 fully paid ordinary shares of the company at the price of \$0.18 per share.

Finance costs amounted to \$384,000 (2013: \$491,000), which represented interests for the Star Diamond Convertible Loan and amount due to Willaton Properties Pty Ltd by Civil & Mining Resources Pty Ltd ('CMR').

During the period, the company bought back 219,856 shares at a cost of \$44,000. 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.

Net assets as at 31 December 2014 was \$32,965,000, compared to \$18,299,000 at 30 June 2014. The significant increase in net assets during the period was predominantly due to:

- Full repayment of the Star Diamond Convertible Loan;
- Capitalisation of the Gold Coast Integrated Resort ('GCIR') project costs of \$5,558,000;
- Capitalisation of exploration expenditures incurred for the period of \$965,000; and
- Increased investments in REY and ActivEX Limited ('AIV') by \$2,300,000.

During the period, the company completed two Rights Issues raising additional issued capital of \$16,150,000 for the working capital. Funds raised were principally used for the following purposes:

- (i) Repayment by CMR of loan payable to Willaton Properties Pty Ltd for \$2,122,000 (inclusive of interest);
- (ii) Subscription of shares in Metaliko Resources Limited ('MKO') for \$666,000;
- (iii) Further subscription of shares in AIV for \$800,000;
- (iv) Further subscription of shares in REY for \$1,500,000; and
- (v) Project cost incurred for GCIR of \$5,558,000.

As at the reporting date, the Group maintained a good financial position with no long-term liabilities and a cash balance of approximately \$4,273,000.

Continued operations and future funding

The attached financial statements detail the performance and financial position of the Group for the financial half-year ended 31 December 2014. It also contains an independent auditor's review report which includes an emphasis of matter. For further information, refer to note 2 to the financial statements, together with the independent auditor's review report.

Principal Investments

ActivEX Limited ('AIV')

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

In December 2014, the Group increased its stake in AIV to 19.55% by subscribing 40 million fully paid ordinary shares of AIV at a price of \$0.02 per share.

Rey Resources Limited ('REY')

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

Following the subscription in August 2014 of an additional 15 million fully paid ordinary shares in REY at the price of \$0.10 each, the Group now holds 19.6% in the issued share capital of REY.

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.

The company, through its wholly-owned subsidiary, ASF Oil & Gas Holdings Pty Ltd, subscribed for a total of 112,918,070 shares in KEY by two private placements at a price of 1.3 cents per share in January 2014 and became a cornerstone investor holding 19.9% of the equity interest in KEY.

Kaili Resources Limited (formerly known as Omnitech Holdings Limited) ('KLR')

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, which changed its name in August 2014 to Kaili Resources Limited ('KLR'), for 2.2 million fully paid ordinary shares of KLR representing approximately 3.3% of the issued capital of KLR.

KLR is applying for re-listing on the ASX. In accordance with its Prospectus dated 5 February 2015, it is expected that the offer for subscription will be closed on 20 March 2015 and reinstatement for trading of its shares on the ASX will commence on 31 March 2015.

Civil & Mining Resources Pty Ltd ('CMR')

CMR is a coal exploration company incorporated in Queensland. The major assets of which comprises 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.

In December 2013, the Group acquired 68.205% equity interest in CMR for a cash consideration of \$1,079,000 and pursuant to the agreement, the Group granted a convertible loan facility of up to \$5 million to CMR over 2 years ('CMR Convertible Loan'), which is convertible into shares of CMR at the Group's option.

In December 2014, the company exercised its option and converted an aggregate of \$4.6 million CMR Convertible Loan into 46% of the equity interest in CMR. At 31 December 2014 the Group holds approximately 80.1% of the issued share capital of CMR.

On 9 October 2014 the company announced that CMR had identified a total resource of 645Mt (129Mt Indicated and 516Mt Inferred) in its Dawson West Project (EPC2427) in the Bowen Basin, central Queensland.

Metaliko Resources Limited ('MKO')

On 18 August 2014 ASF announced that it had subscribed for 22,195,557 shares representing approximately 7% in the issued capital of 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.

ASF Resources Limited (Thermal Coal)

During 2014 the remaining tenement package was relinquished with all environmental bonds being retired. ASF Resources Limited ('ASFR') will monitor other opportunities within the Canning Basin as commodity prices begin to move in a positive direction and an advantage can be gained through the Group's association with REY.

At the reporting date, the principal investment in ASFR is the 34.1% interest in CMR.

China Coal Resources Pty Limited ('CCR')(Thermal Coal and Base Metals)

CCR manages several joint ventures with the Group in Western Australia, Queensland and Tasmania.

In Western Australia, CCR manage the Dongara Project (E70/4403) located in the north Perth Basin 250km north of Perth. Following the review by GEOS Mining the southern portion of the tenement was relinquished allowing CCR to focus on potentially shallower coal seams. A review of the surface seismic data indicates several lines of seismic data cross the Dongara Project. Brisbane based geophysical consultancy will be providing a quote to re process the seismic layer to assist in the delineation of sub surface coal mineralisation as a prelude to drill testing.

In Tasmania, CCR manage two base metal projects located in north (Wilmont) and west (Lake Pieman) Tasmania. Both projects are currently being reviewed in light of recent encouraging field work with a view to further field work in 2014. Both Wilmont (E55/2207) and Lake Pieman (E15/2207) are due for renewal in June 2015 and CCR are currently reviewing possible exploration plans for the Tasmanian Projects

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 relinquished the eastern portions of both tenements with a view to drill testing in 2015.

ASF Coal Pty Limited (Thermal Coal)

ASF Coal has 5 licences in SE Queensland. EPC 1508(Leyburn) was reduced in size from 107 blocks to 33 blocks has been renewed until May 2015. Further exploration is planned for the remaining portion which will involve a full compilation of all historical drilling and possible drill testing of the eastern margin of the Walloon Coal Measures. ASF Coal will be submitting a renewal report to extend the tenure beyond May 2015.

The other ASF Coal tenements include EPC1861 (Mt Hope), EPC2094 (Glenrowan), EPC2110 (Cooyar Creek) and EPC2208 (Taroom 2) all of which were granted in 2013. ASF Coal is currently reviewing all tenements with a view to drill testing the highest priority targets in 2015.

Victory Coal Pty Limited (Thermal Coal)

Victory Coal has 1 licence located north of the Queensland town of Roma in the Surat Basin. The licence has been reduced by 6 blocks to a total of 26 blocks. Victory Coal is considering drill testing for thermal coal in 2015.

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 2015.

ASF Metals Pty Limited (Base Metals)

ASF Metals is currently carrying out base metal exploration in western Tasmania and are planning further exploration in 2015 as a follow up to recent positive exploration results.

Property marketing and services

ASF Properties Pty Ltd

ASF Properties Pty Ltd is 100% owned by the company and 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.

ASF Properties maintains good partnership with its strategic partners, including 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, 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, and Century China First Group Limited, a Hong Kong based property consulting company with years' experience in overseas property investment services for clients.

Based on previous successful cooperation experiences, ASF Properties is planning another series of marketing activities with E-house for the other Australian properties which include Hope Island project.

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

Fund management and advisory services

ASF Capital Pty Ltd

ASF Capital Pty Limited has continued to investigate opportunities to develop the Group's core strategy of participating in the two way capital flows between Australia and China.

ASF Capital holds an Australian Financial Services Licence for wholesale funds and operates as the investment-banking arm of ASF Group Limited.

Since May 2013 ASF Capital has investigated a number of opportunities to work with both Australian and Chinese groups in expanding their activities in Australia especially in the Funds Management Sector.

The goal is to make direct and indirect investments in infrastructure and real estate in Australia and in other assets permitted under the Significant Investor Visa programme. Further ASF Capital seeks to develop general investment vehicles to provide opportunities for both local and international investors and Funds.

With the establishment of the ASF Capital Investment Fund it provides Chinese entrepreneurs and other high net worth individuals' participation in the recently introduced Significant Investor Visa ('SIV') programme.

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

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

Gold Coast Integrated Resort ('GCIR'), Queensland

In February 2014, ASF Consortium Pty Ltd, a wholly owned subsidiary of the Group, was announced as the Proponent by the Queensland Government and the Gold Coast City Council for the proposed multi-billion dollar GCIR project. The project is located in the Gold Coast Broadwater on Wave Break Island, Moon Island and the Southern Spit.

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

On Tuesday 27 May 2014, the Deputy Premier and Minister for State Development, Infrastructure and Planning, announced that the ASF Consortium would be able to receive a gaming licence if the project proceeded and met all the necessary environmental, planning and gaming licencing approvals.

On 31 October 2014, ASF Consortium submitted a detailed proposal to the Queensland State Government incorporating a commercial offer, refinements to the plan in response to Queensland Government and community feedback plus a preliminary environmental assessment demonstrating the project was viable, feasible and deliverable.

In November 2014, ASF Consortium received the first round of Request for Information (RFI's) from the Department of State Infrastructure and Planning as part of the Queensland Government's assessment process. In addition, the Office of Liquor and Gaming Regulation (OLGR), Queensland, has continued investigations and engagement regarding the casino licence.

There is no timeline set for the conclusion of the assessment phase however it is anticipated that all RFI's should be received before the end of April 2015.

Significant changes in the state of affairs

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 was obtained for the conversion of convertible loans amounting to \$3,148,000 (inclusive of accrued interest) due to Star Diamond Developments Ltd into 17,490,411 fully paid ordinary shares of the company at an issue price of \$0.18 per share.

Shareholders also approved 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 subscribed for 22,195,557 shares representing approximately 7% of 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 19.6% of the issued capital of Rey Resources Limited.

On 21 November 2014, the company announced a pro-rata non-renounceable 1 for 10 Rights Issue at \$0.18 per share. The Rights Issue closed on 16 December 2014 and raised additional issued capital of \$6,093,000.

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

Matters subsequent to the end of the financial half-year

On 2 February 2015, the company announced the acquisition of 13.4% interest in ASF Resources Limited ('ASFR'). The consideration was satisfied by the issue of 21,661,414 fully paid ordinary shares of the company at a price of \$0.22 per share. As a result of the transaction, the company now owns 67.09% of the issued capital of ASFR.

On 19 February 2015, the company issued 5,555,555 fully paid ordinary shares, being part of the shortfall, to a professional investor under the terms of the pro-rata non-renounceable 1 for 10 rights issue at an issue price of \$0.18 per share raising a further capital of \$1 million.

No other matter or circumstance has arisen since 31 December 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.

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.

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

On behalf of the directors



Min Yang
Chairman

27 February 2015
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 review of ASF Group Limited for the half-year ended 31 December 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L M Worsley
Partner - Audit & Assurance

Sydney, 27 February 2014

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Contents

Statement of profit or loss and other comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13
Directors' declaration	18
Independent auditor's review report to the members of ASF Group Limited	19

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 27 February 2015. The directors have the power to amend and reissue the financial statements.

ASF Group Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2014



		Consolidated	
	Note	31 Dec 2014	31 Dec 2013
		\$'000	\$'000
Revenue	4	245	499
Other income	5	-	5,863
Expenses			
Commission and fee expenses		(8)	(93)
Consultancy expenses		(2,686)	(2,269)
Marketing expenses		(84)	(101)
Employee benefits expense		(1,471)	(778)
Depreciation and amortisation expense		(17)	(19)
Impairment of assets	6	(575)	(210)
Legal and professional fees		(304)	(672)
Corporate and administration expenses		(701)	(397)
Occupancy		(328)	(281)
Share of loss of associates	6	(1,013)	(255)
Finance costs	6	(384)	(491)
Profit/(loss) before income tax expense		(7,326)	796
Income tax expense		-	-
Profit/(loss) after income tax expense for the half-year		(7,326)	796
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		130	(44)
Other comprehensive income for the half-year, net of tax		130	(44)
Total comprehensive income for the half-year		(7,196)	752
Profit/(loss) for the half-year is attributable to:			
Non-controlling interest		(306)	(191)
Owners of ASF Group Limited		(7,020)	987
		(7,326)	796
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(306)	(191)
Owners of ASF Group Limited		(6,890)	943
		(7,196)	752
		Cents	Cents
Basic earnings per share	15	(1.36)	0.30
Diluted earnings per share	15	(1.36)	0.30

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

ASF Group Limited
Statement of financial position
As at 31 December 2014



		Consolidated	
	Note	31 Dec 2014	30 Jun 2014
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		4,273	2,309
Trade and other receivables		297	1,276
Other		612	140
Total current assets		5,182	3,725
Non-current assets			
Other receivables		329	306
Investments accounted for using the equity method	7	14,509	13,187
Other financial assets - at fair value through profit or loss	8	1,803	1,589
Property, plant and equipment		96	102
Exploration costs		5,346	4,500
Capitalised project costs	9	6,523	965
Total non-current assets		28,606	20,649
Total assets		33,788	24,374
Liabilities			
Current liabilities			
Trade and other payables		731	880
Borrowings	10	20	4,922
Employee benefits		72	53
Total current liabilities		823	5,855
Non-current liabilities			
Borrowings		-	220
Total non-current liabilities		-	220
Total liabilities		823	6,075
Net assets		32,965	18,299
Equity			
Issued capital	11	94,559	73,029
Reserves		2,792	2,686
Accumulated losses		(64,765)	(57,745)
Equity attributable to the owners of ASF Group Limited		32,586	17,970
Non-controlling interest		379	329
Total equity		32,965	18,299

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

ASF Group Limited
Statement of changes in equity
For the half-year ended 31 December 2014



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 expense for the half-year	-	-	987	(191)	796
Other comprehensive income for the half-year, net of tax	-	(44)	-	-	(44)
Total comprehensive income for the half-year	-	(44)	987	(191)	752
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 11)	13,197	-	-	-	13,197
Share buy-back	(58)	-	-	-	(58)
Change in non-controlling interests	-	469	-	1,429	1,898
Reserves reclassified to shares	2,235	(2,235)	-	-	-
Balance at 31 December 2013	70,657	2,542	(57,714)	1,463	16,948

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2014	73,029	2,686	(57,745)	329	18,299
Loss after income tax expense for the half-year	-	-	(7,020)	(306)	(7,326)
Other comprehensive income for the half-year, net of tax	-	130	-	-	130
Total comprehensive income for the half-year	-	130	(7,020)	(306)	(7,196)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 11)	21,574	-	-	-	21,574
Share buy-back	(44)	-	-	-	(44)
Change in non-controlling interests	-	(24)	-	356	332
Balance at 31 December 2014	94,559	2,792	(64,765)	379	32,965

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

ASF Group Limited
Statement of cash flows
For the half-year ended 31 December 2014



	Consolidated	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,185	533
Payments to suppliers and employees (inclusive of GST)	(3,834)	(4,900)
	(2,649)	(4,367)
Interest received	37	16
Interest and other finance costs paid	(206)	-
Net cash used in operating activities	(2,818)	(4,351)
Cash flows from investing activities		
Payments for investments at fair value through profit and loss account	(666)	-
Payments for investment in associates	(2,300)	-
Payments for property, plant and equipment	(9)	(10)
Payments for exploration costs	(965)	(117)
Payments for purchase of Civil & Mining Resources Pty. Ltd, net of cash acquired	-	(929)
Payments for project costs	(5,558)	-
Advance of loans	-	(351)
Net cash used in investing activities	(9,498)	(1,407)
Cash flows from financing activities		
Proceeds from issue of shares	16,150	9,308
Payments for share buy-backs	(44)	(58)
Share issue transaction costs	-	(111)
Repayment of borrowings	-	(500)
Repayment of loan payable	(1,921)	-
Net cash from financing activities	14,185	8,639
Net increase in cash and cash equivalents	1,869	2,881
Cash and cash equivalents at the beginning of the financial half-year	2,309	2,410
Effects of exchange rate changes on cash and cash equivalents	95	(89)
Cash and cash equivalents at the end of the financial half-year	<u>4,273</u>	<u>5,202</u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New, 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2014 and are not expected to have any significant impact for the full financial year ending 30 June 2015. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Continued operations and future funding

The Group had net cash outflows from operating activities of \$2,818,000 (2013: \$4,351,000) and net cash outflows from investing activities of \$9,498,000 (2013: \$1,407,000). Loss after income tax and non-controlling interest for the half-year ended 31 December 2014 was \$7,020,000 (2013: profit of \$987,000). Net assets of the consolidated group as at 31 December 2014 were \$32,965,000 compared to \$18,299,000 at 30 June 2014, an increase of approximately 80%.

The continuing viability of the Group to meet its commitments and to develop its projects or dispose of them for a profit is dependent upon the Group's ability to continue to raise capital. The directors have considered the following in their assessment of future funding of the Group:

- On 19 February 2015, the Group issued 5,555,555 fully paid ordinary shares, being part of the shortfall under the terms of the pro-rata non-renounceable 1 for 10 rights issue at an issue price of \$0.18 per share raising a further capital of \$1 million;
- The Group manages cash diligently to meet immediate business needs. The Group has been successful in raising capital via share placements and rights issues over the past 10 years and recently during the financial half-year; and
- Budgets for the 12 months from the date of issuance of these financial statements project that the Group will be able to pay its debts as and when due, however in the event that expected revenues and capital raisings do not fully materialise the Group would reduce its overhead costs appropriately.

The directors are of the opinion that the Group entity will continue to obtain the additional capital and accordingly have prepared the financial statements on a going concern basis. Should capital raisings not materialise there is material uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in these financial statements.

At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements at 31 December 2014. Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classifications of liabilities that might be necessary.

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.

The Group operates in only one segment, being an investment and trading house.

The segment result is as shown in the statement of profit or loss and other comprehensive income. Refer to statement of financial position for assets and liabilities.

Note 4. Revenue

	Consolidated	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
<i>Sales revenue</i>		
Commission revenue	13	163
Fund management and advisory service	105	-
Corporate services	89	287
	<u>207</u>	<u>450</u>
<i>Other revenue</i>		
Interest	37	16
Other revenue	1	33
	<u>38</u>	<u>49</u>
Revenue	<u><u>245</u></u>	<u><u>499</u></u>

Note 5. Other income

	Consolidated	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Net gain on disposal of investments	-	167
Reversal of impairment in equity accounted investments	-	5,696
	<u>-</u>	<u>5,863</u>
Other income	<u><u>-</u></u>	<u><u>5,863</u></u>

Note 6. Expenses

	Consolidated	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Profit/(loss) before income tax includes the following specific expenses:		
<i>Impairment</i>		
Investment at fair value through profit and loss	452	-
Mining exploration and evaluation expenditures	119	210
Impairment of receivables	4	-
	<hr/>	<hr/>
Total impairment	575	210
<i>Share of loss (profit) of associates</i>		
China Coal Resources Pty Ltd	1	28
Rey Resources Limited	966	136
ActiveEx Limited	46	91
	<hr/>	<hr/>
Total share of loss (profit of associates)	1,013	255
<i>Finance costs</i>		
Interest and finance charges paid/payable	384	491
	<hr/>	<hr/>
<i>Share-based payments expense</i>		
Share-based payments expense	2,276	-
	<hr/>	<hr/>

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

	Consolidated	
	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Kaili International Resource Ltd	251	217
China Coal Resources Pty Ltd	466	467
Rey Resources Limited (ASX: REY)	12,343	11,808
ActiveEx Limited (ASX: AIV)	1,449	695
	<hr/>	<hr/>
	14,509	13,187
	<hr/> <hr/>	<hr/> <hr/>

Note 8. Non-current assets - other financial assets - at fair value through profit or loss

	Consolidated	
	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Investment in Kaili Resources Limited (ASX: KLR, formerly known as Omnitech Holdings Limited)	121	121
Investment in Key Petroleum Ltd (ASX: KEY)	1,016	1,468
Investment in Metaliko Resources Ltd (ASX: MKO)	666	-
	<hr/>	<hr/>
	1,803	1,589
	<hr/> <hr/>	<hr/> <hr/>

Note 9. Non-current assets - Capitalised project costs

	Consolidated	
	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Capitalised project costs	<u>6,523</u>	<u>965</u>

Capitalised project costs represent costs incurred for the proposed development of an integrated resort and cruise ship terminal on the Gold Coast Broadwater ('GCIR Project').

The GCIR Project is a long-term project. The project is currently in pre-development feasibility stage involving planning, consulting and designing activities. ASF Consortium is the only proponent of the GCIR Project and has exclusive rights to deal with the Queensland Government. ASF Consortium will incur costs prior to land acquisition including contract deposits as well as legal, engineering and other external professional fees related to evaluating the feasibility of developing Wavebreak Island. The pre-development costs are capitalized and classified as non-current assets.

Note 10. Current liabilities - borrowings

	Consolidated	
	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Convertible notes payable	-	3,110
Loan payable	20	2,056
Facility related costs	-	(244)
	<u>20</u>	<u>4,922</u>

During the financial half-year the Group settled convertible notes totalling \$3,148,000 (inclusive of accrued interest) by way of the issuance of 17,490,411 ordinary shares in the company.

In November 2014, Civil & Mining Resources Pty Ltd ('CMR'), a subsidiary of the company, repaid \$2,122,000 (inclusive of accrued interest) of loan payable to Willaton Properties Pty Ltd, a company controlled by a former director of CMR.

Note 11. Equity - issued capital

	Consolidated			
	31 Dec 2014	30 Jun 2014	31 Dec 2014	30 Jun 2014
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>566,254,505</u>	<u>446,961,296</u>	<u>94,559</u>	<u>73,029</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2014	446,961,296		73,029
Rights issue	7 August 2014	55,870,162	\$0.18	10,057
Star Diamond conversion	8 August 2014	17,490,411	\$0.18	3,148
Issue of bonus shares to directors and employees	8 August 2014	12,300,000	\$0.00	2,276
Rights issue	22 December 2014	33,852,492	\$0.18	6,093
Share buy-back	1 July 2014 - 31 December 2014	(219,856)	\$0.00	(44)
Balance	31 December 2014	<u>566,254,505</u>		<u>94,559</u>

Note 11. Equity - issued capital (continued)

Share buy-back

During the period, the company bought back 219,856 shares at a cost of \$44,000. 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.

Note 12. Equity - dividends

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

Note 13. Fair value measurement

The carrying values of financial assets and financial liabilities presented represent a reasonable approximation of fair value.

Note 14. Events after the reporting period

On 2 February 2015, the company announced the acquisition of 13.4% interest in ASF Resources Limited ('ASFR'). The consideration was satisfied by the issue of 21,661,414 fully paid ordinary shares of the company at a price of \$0.22 per share. As a result of the transaction, the company now owns 67.09% of the issued capital of ASFR.

On 19 February 2015, the company issued 5,555,555 fully paid ordinary shares, being part of the shortfall, to a professional investor under the terms of the pro-rata non-renounceable 1 for 10 rights issue at an issue price of \$0.18 per share raising a further capital of \$1 million.

No other matter or circumstance has arisen since 31 December 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 15. Earnings per share

	Consolidated	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Profit/(loss) after income tax	(7,326)	796
Non-controlling interest	306	191
	<u>(7,020)</u>	<u>987</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>516,682,291</u>	<u>325,341,709</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>516,682,291</u>	<u>325,341,709</u>
	Cents	Cents
Basic earnings per share	(1.36)	0.30
Diluted earnings per share	(1.36)	0.30

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

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

Min Yang
Chairman

27 February 2015
Sydney

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

We have reviewed the accompanying half-year financial report of ASF Group Limited (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

Directors’ responsibility for the half-year financial report

The directors of ASF Group Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the ASF Group Limited consolidated entity’s financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations

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Regulations 2001. As the auditor of ASF Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of ASF Group Limited is not in accordance with the Corporations Act 2001, including:

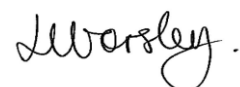
- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial report which indicates that the consolidated entity incurred a net loss of \$7,326,000 and had cash outflows from operating and investing activities of \$12,316,000 during the half year ended 31 December 2014. These conditions, along with other matters set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L M Worsley
Partner - Audit & Assurance

Sydney, 27 February 2015