

## 1. Company details

Name of entity:	ASF Group Limited
ABN:	50 008 924 570
Reporting period:	For the year ended 30 June 2015
Previous period:	For the year ended 30 June 2014

## 2. Results for announcement to the market

			<b>\$'000</b>
Revenues from ordinary activities	down	13.6% to	1,090
Loss from ordinary activities after tax attributable to the owners of ASF Group Limited	down	1554.8% to	(13,908)
Loss for the year attributable to the owners of ASF Group Limited	down	1554.8% to	(13,908)

### *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 \$13,908,000 (30 June 2014: profit of \$956,000).

Refer to the attached 'Operating and financial review' for detailed commentary.

## 3. Net tangible assets

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>2.44</u>	<u>2.87</u>

## 4. 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.

## 5. 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%	(283)	(39)
Kaili International Resource Ltd	20.00%	20.00%	-	221
Rey Resources Limited	18.26%	18.21%	(1,724)	(642)
ActivEX Limited	19.55%	16.10%	(153)	(334)
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			(2,160)	(794)
Income tax on operating activities			-	-

## 6. Audit qualification or review

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

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

## 7. Attachments

*Details of attachments (if any):*

The operating and financial review and Preliminary Financial Report of ASF Group Limited for the year ended 30 June 2015 is attached.

## 8. Signed



Signed \_\_\_\_\_

Date: 31 August 2015

Min Yang  
Chairman

## Operating and financial review

### *Financial results and commentary*

Revenue from continuing operations of ASF Group Limited ('the company') and its controlled entities (referred to hereafter as the 'Group') for the year ended 30 June 2015 was \$1,090,000 (2014: \$1,262,000). Consolidated loss after tax attributable to members of the Group amounted to \$13,908,000 (2014: profit of \$956,000).

Loss for the year was attributed by the following:

- Impairment of listed investment of \$1,044,000;
- Share of losses of associates of \$2,160,000;
- Issue of shares to directors and employees following resolutions passed at the Extraordinary General Meeting held on 8 August 2014 with a value of \$2,276,000;
- Impairment of assets of \$1,465,000; and
- Interest expenses and other finance costs \$935,000.

This financial year the Group continued to invest and add value to its portfolio assets. It is 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. This year continues to be one of investment with limited divestment of our portfolio assets.

### *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 interest, 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.

In April 2015, the company obtained a \$6,000,000 unsecured convertible loan ('Note') from Oceanic Alliance Investments Limited ('OAIL').

Finance costs amounted to \$935,000 (2014: \$831,000), represented interests on loan facilities of Star Diamond Convertible Loan, OAIL Note and the loans due by Civil & Mining Resources Pty Ltd ('CMR') to Cyberich Enterprises Ltd and Willaton Properties Pty Ltd ('Willaton Loan').

For the year ended 30 June 2015, the company spent \$976,000 on the share buy-back program and a total of 3,268,747 shares were bought back during the year.

Net assets as at 30 June 2015 was \$28,442,000 (2014: \$18,299,000). The significant increase in net assets this year was predominantly due to:

- Full settlement of the Star Diamond Convertible Loan;
- Increase in capitalised Gold Coast Integrated Resort ('GCIR') project costs of \$7,020,000;
- Increase in capitalised exploration expenditures for the year of \$1,199,000;
- Further investments in REY, ActivEX Limited ('AIV'), Key Petroleum Limited ('KEY') and Metaliko Resources Limited ('MKO') totalling \$4,337,000; and
- Repayment of \$2,122,000 Willaton Loan.

During the financial year, the company completed Rights Issues raising a total of approximately \$19,640,000 for the working capital. Funds raised were principally used for the following purposes:

- Payment to CMR for the subscription of its convertible notes for \$3,400,000;
- Increased investment in our portfolio assets of listed companies of \$4,337,000; and
- Approximately \$8,259,000 spent on the GCIR.

As at 30 June 2015, the Group maintained a cash balance of \$4,229,000.

### **Principal Investments**

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

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 approximately 18.26% of the issued share capital of REY.

#### **Key Petroleum Limited**

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.

As at 30 June 2015, the Company, through its wholly owned subsidiary ASF Oil & Gas Holdings Pty Ltd, holds 19.54% of the issued capital of KEY.

#### **Metaliko Resources Limited**

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.

On 18 August 2014 the company subscribed for 22,195,557 shares representing approximately 7% in the issued capital of MKO at a price of \$0.03 per share. During the year, the Group increased its stakes in MKO to 17.17% by way of private placement and on-market purchase.

#### **Kaili Resources Limited (formerly known as 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, 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 then issued capital of KLR.

On 5 February 2015, KLR issued a prospectus to raise \$1.6 million for working capital with the issue of 8 million fully paid ordinary shares at \$0.20 per share as part of the process to reinstate the trading of its securities on the Australian Securities Exchange ("**ASX**").

On 31 March 2015, KLR was reinstated to official quotation on the ASX following a successful capital raising under the prospectus and Group's interest in KLR was diluted to 2.97% accordingly.

KLR is a resources exploration company which currently holds two coal tenements in the Clarence-Moreton Basin, Queensland and two coal tenements in the Canning Basin, Western Australia.

#### **Civil & Mining Resources Pty Ltd**

In December 2013, the Group acquired 68.21% equity interest in CMR for a cash consideration of \$1,079,000 and pursuant to the agreement, the Group would grant a convertible loan facility of up to \$5 million to CMR over 2 years ('CMR Convertible Loan'), which would be converted into shares of CMR at the Group's option. In December 2014, the Group exercised its option and converted an aggregate of \$4.6 million CMR Convertible Loan into CMR equity.

As at 30 June 2015, the company together with its subsidiary, ASF Resources Limited, held an aggregate of 68.97% of the issued share capital of CMR.

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

### ***Minerals and Resources*** **Queensland**

The Group holds 100% equity in 7 granted exploration permits (EPCs) for coal in the Surat and Clarence Moreton Sedimentary Basins of South East Queensland. Historical exploration drilling has intersected coal mineralisation in most tenements, some at depths of <100m. The tenements are held by wholly owned subsidiary companies ASF Coal Pty Ltd and Victory Coal Pty Ltd. Most tenements are located in close proximity to operating coal mines and rail/road infrastructure. Proposed exploration involves a mixture of reprocessing of existing surface seismic data and exploration drilling targeting the known coal seams.

### **Victoria**

The Group holds a single granted coal exploration licence through its 100% subsidiary company Basin Coal Pty Ltd. The licence is located in the coal prospective West Gippsland Basin east of Melbourne. Thermal black coal has been mined in the past and historical coal exploration drilling has indicated the prospectivity for brown coal in the north east of the tenement. The tenement is located adjacent to the coast of southern Victoria and within easy rail access to the port of Melbourne.

### **Tasmania**

In Tasmania the Group holds 100% equity a copper exploration licence located on the west coast and a tin exploration licence located on the north east coast. The exploration licences are held by wholly owned subsidiary companies ASF Copper Pty Ltd and Austin Resources Pty Ltd respectively. In addition the Company is a 25% joint venture party with China Coal Resources in a single exploration licence located near the north coast within the base metal prospective Mount Read Volcanics. All tenements are at an early exploration stage with further geological mapping, surficial geochemical sampling and ground geophysics planned.

### ***Property Marketing and Services***

ASF Properties Pty Ltd ('ASFP') is 100% owned by the company and continues to provide property and marketing services to investors in China. ASFP 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.

Recently, ASFP has undertaken a development management role on a waterfront development project at Hope Island, Gold Coast, named 'The Peninsula, Hope Island'. The Peninsula Hope Island is Gold Coast's very last waterfront development to be released at the exclusive Hope Island Resort. The project is master planned by AECOM, which is a premier, fully integrated professional and technical services firm positioned to design, build, finance and operate infrastructure assets around the world for public and private-sector clients. ASFP has also assigned McGrath Group, which is one of the biggest real estate company in Australia, as the leading agent to manage the marketing and sales for the project. In addition, ASFP is working extensively with numbers of domestic professional companies on project management, architecture, landscaping and building etc.

Meanwhile, the Group maintain 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, and E-house (China) Holdings Limited, a leading real estate services company in China with a diverse range of services, strong brand recognition and a broad geographic presence.

The company believes that ASFP represents an important strategic platform for China-based investors to access the Australian real estate market.

### ***Fund Management and Advisory Services***

As part of ASF 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.

After a successful application in May 2013 ASF Capital was granted a modified Australian Financial Services Licence ('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 designed to provide Chinese entrepreneurs and other high net worth individual's participation in the 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 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 and other multi-billion dollar integrated tourism components. It represents one of the largest pieces of integrated tourism infrastructure in Queensland.

On 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, continued investigations and engagement regarding the casino licence.

On 31 January 2015, Queensland state elections were held. The incumbent Liberal National Party (LNP) was defeated by the Australian National Party (ALP) which formed a minority government on 13 February 2015.

On 8 May 2015, new Minister for State Development, Anthony Lynham, wrote to ASF Consortium advising that the Request for Detailed Proposal ('RFDP') process has been suspended by the Queensland Government. However, negotiations continued with the Queensland Government during the suspension period as the Government was keen to work with ASF Consortium to refocus the project on a mutually acceptable development site within the original project boundaries.

On the 4th August 2015, ASF Consortium signed a Process Deed with the Queensland Government allowing the suspension of the Integrated Resort RFDP process to be lifted.

The Process Deed re-focuses the development within the boundaries of the original RFDP process on the land referred to as the Southern Spit. Development in this location would comprise all the elements of the original proposal in a smaller scale including, approximately 5.5 hectare of land, hotels, large-scale casino, residential/branded residences, retail, waterfront boardwalks and open space, ferry wharf, marinas and associated road and services upgrades to the area.

Timeline is still to be determined for the re-focused project with State government. However, it is anticipated that a revised request for proposal ('RRFP') will be submitted shortly with final determination at some stage in the first half of next year.

# **ASF Group Limited**

**ABN 50 008 924 570**

## **Preliminary Financial Report - 30 June 2015**

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**ASF Group Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2015**



	Note	Consolidated 2015 \$'000	2014 \$'000
<b>Revenue</b>	1	1,090	1,262
Other income	2	-	8,262
<b>Expenses</b>			
Commission and fee expenses		(302)	(93)
Consultancy expenses		(4,286)	(3,068)
Marketing expenses		(122)	(323)
Employee benefits expense		(2,525)	(1,698)
Depreciation and amortisation expense		(36)	(37)
Impairment of investments in associates		(190)	-
Impairment of assets		(1,465)	(974)
Net fair value loss on other financial assets		(719)	-
Legal and professional fees		(877)	(991)
Corporate expenses		(1,319)	(682)
Occupancy		(678)	(610)
Share of loss of associates		(2,160)	(794)
Finance costs		(935)	(831)
<b>Loss before income tax expense</b>		(14,524)	(577)
Income tax expense		-	-
<b>Loss after income tax expense for the year</b>		(14,524)	(577)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(489)	154
Other comprehensive income for the year, net of tax		(489)	154
<b>Total comprehensive income for the year</b>		(15,013)	(423)
Loss for the year is attributable to:			
Non-controlling interest		(616)	(1,533)
Owners of ASF Group Limited		(13,908)	956
		(14,524)	(577)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(616)	(1,533)
Owners of ASF Group Limited		(14,397)	1,110
		(15,013)	(423)
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	11	(2.50)	0.25
Diluted earnings per share	11	(2.50)	0.25

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

	Note	Consolidated	
		2015 \$'000	2014 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	4,229	2,309
Trade and other receivables		101	1,276
Other		537	140
Total current assets		<u>4,867</u>	<u>3,725</u>
<b>Non-current assets</b>			
Other receivables		339	306
Investments accounted for using the equity method	4	13,110	13,187
Financial assets at fair value through profit or loss	5	2,907	1,589
Property, plant and equipment		356	102
Intangibles	6	13,684	5,465
Total non-current assets		<u>30,396</u>	<u>20,649</u>
<b>Total assets</b>		<u>35,263</u>	<u>24,374</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		942	880
Borrowings	7	5,819	4,922
Employee benefits		60	53
Total current liabilities		<u>6,821</u>	<u>5,855</u>
<b>Non-current liabilities</b>			
Borrowings		-	220
Total non-current liabilities		<u>-</u>	<u>220</u>
<b>Total liabilities</b>		<u>6,821</u>	<u>6,075</u>
<b>Net assets</b>		<u>28,442</u>	<u>18,299</u>
<b>Equity</b>			
Issued capital	8	101,883	73,029
Reserves		(965)	2,686
Accumulated losses		(71,653)	(57,745)
Equity attributable to the owners of ASF Group Limited		<u>29,265</u>	<u>17,970</u>
Non-controlling interest		(823)	329
<b>Total equity</b>		<u>28,442</u>	<u>18,299</u>

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

ASF Group Limited  
Statement of changes in equity  
For the year ended 30 June 2015



<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Non-controlling interest \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2013	55,283	4,352	(58,701)	225	1,159
Profit/(loss) after income tax expense 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)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 8)	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	<u>73,029</u>	<u>2,686</u>	<u>(57,745)</u>	<u>329</u>	<u>18,299</u>

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Non-controlling interest \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2014	73,029	2,686	(57,745)	329	18,299
Loss after income tax expense for the year	-	-	(13,908)	(616)	(14,524)
Other comprehensive income for the year, net of tax	-	(489)	-	-	(489)
Total comprehensive income for the year	-	(489)	(13,908)	(616)	(15,013)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 8)	29,830	-	-	-	29,830
Share buy-back	(976)	-	-	-	(976)
Change in non-controlling interests	-	(3,162)	-	(536)	(3,698)
Balance at 30 June 2015	<u>101,883</u>	<u>(965)</u>	<u>(71,653)</u>	<u>(823)</u>	<u>28,442</u>

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

	Note	Consolidated	
		2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,738	390
Payments to suppliers (inclusive of GST)		(8,026)	(6,548)
		(6,288)	(6,158)
Interest received		71	30
Other revenue		-	1,235
Net cash used in operating activities		(6,217)	(4,893)
<b>Cash flows from investing activities</b>			
Payment for purchase of assets of subsidiaries, net of cash acquired		-	(1,228)
Payments for investment in other financial assets		(2,037)	(1,468)
Payments for property, plant and equipment		(28)	(26)
Payments for exploration and project costs		(9,673)	(2,526)
Payments for investment in associates		(2,300)	(561)
Proceeds from sale of investments in associates		-	1,050
Net cash used in investing activities		(14,038)	(4,759)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		6,000	300
Repayment of borrowings		(2,122)	-
Proceeds from issue of shares		19,640	9,310
Payments for share buy-backs		(974)	(81)
Share issue transaction costs		-	(32)
Net cash from financing activities		22,544	9,497
Net increase/(decrease) in cash and cash equivalents		2,289	(155)
Cash and cash equivalents at the beginning of the financial year		2,309	2,410
Effects of exchange rate changes on cash and cash equivalents		(369)	54
Cash and cash equivalents at the end of the financial year	3	4,229	2,309

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

**Note 1. Revenue**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Sales revenue</i>		
Commission revenue	384	95
Fund management and advisory service	105	548
Corporate services	79	589
	<u>568</u>	<u>1,232</u>
<i>Other revenue</i>		
Interest	522	30
Revenue	<u><u>1,090</u></u>	<u><u>1,262</u></u>

**Note 2. Other income**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Net gain on disposal of investments	-	286
Reversal of impairment in equity accounted investments	-	6,470
Other income	-	1,506
	<u>-</u>	<u>8,262</u>
Other income	<u><u>-</u></u>	<u><u>8,262</u></u>

**Note 3. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash on hand and at bank	4,229	2,309
	<u><u>4,229</u></u>	<u><u>2,309</u></u>

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

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Kaili International Resource Ltd	-	217
China Coal Resources Pty Ltd	184	467
Rey Resources Limited (ASX: REY)	11,584	11,808
ActivEX Limited (ASX: AIV)	1,342	695
	<u>13,110</u>	<u>13,187</u>
	<u><u>13,110</u></u>	<u><u>13,187</u></u>

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

	Consolidated	
	2015 \$'000	2014 \$'000
Investment in Kaili Resources Limited (ASX: KLR, formerly known as Omnitech Holdings Limited)	330	121
Investment in Key Petroleum Ltd (ASX: KEY)	706	1,468
Investment in Metaliko Resources Ltd (ASX: MKO)	1,871	-
	2,907	1,589
	2,907	1,589

**Note 6. Non-current assets - intangibles**

	Consolidated	
	2015 \$'000	2014 \$'000
Mining exploration and evaluation expenditures - at cost	5,699	4,500
Capitalised project costs - at cost	9,224	965
Less: Impairment	(1,239)	-
	7,985	965
	13,684	5,465

**Note 7. Current liabilities - borrowings**

	Consolidated	
	2015 \$'000	2014 \$'000
Convertible notes payable	5,799	3,110
Loan payable	20	2,056
Facility related costs	-	(244)
	5,819	4,922
	5,819	4,922

In April 2015, the company issued a \$6,000,000 unsecured convertible note ('Note') to Oceanic Alliance Investments Limited ('OAIL') which will bear interest at 5% p.a. The Note may be converted into ordinary shares of the company during the period commencing 2 April 2015 and ending 30 days immediately prior to the maturity date of 2 April 2017 ('Maturity') at a conversion price of \$0.28 per share. Upon Maturity, any unconverted balance of the Note, including accrued interest, will be redeemed by the company for cash.

During the year, the company settled all outstanding convertible notes due to Star Diamond Developments Limited 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 a loan to the value of \$2,122,000 (inclusive of accrued interest) to Willaton Properties Pty Ltd, a company controlled by a former director of CMR.

**Note 8. Equity - issued capital**

	Consolidated			
	2015 Shares	2014 Shares	2015 \$'000	2014 \$'000
Ordinary shares - fully paid	604,254,737	446,961,296	101,883	73,029
	604,254,737	446,961,296	101,883	73,029

**Note 8. Equity - issued capital (continued)**

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$'000
Balance	1 July 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
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 placement	6 February 2015	21,661,414	\$0.22	4,766
Rights issue	19 February 2015	5,555,555	\$0.18	1,000
Rights issue	13 March 2015	13,832,154	\$0.18	2,490
Share buy-back	1 July 2014 - 30 June 2015	(3,268,747)	\$0.00	(976)
Balance	30 June 2015	<u>604,254,737</u>		<u>101,883</u>

*Ordinary shares*

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

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

*Share buy-back*

During the year, the company spent \$976,000 on share buy-backs. The buy-back program is expected to expire on 12 April 2016 and it is the company's present intention to extend the program for another year.

**Note 9. Equity - dividends**

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

**Note 10. Events after the reporting period**

The company entered into convertible note deeds with a series of sophisticated investors on 28 August 2015 for the issue of an aggregate amount of \$7.5 million unsecured convertible notes. Details of the convertible notes had been set out in the announcement of the company dated 28 August 2015.

No other matter or circumstance has arisen since 30 June 2015 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 11. Earnings per share**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax	(14,524)	(577)
Non-controlling interest	616	1,533
	<u>(13,908)</u>	<u>956</u>
Profit/(loss) after income tax attributable to the owners of ASF Group Limited	<u>(13,908)</u>	<u>956</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>555,653,462</u>	<u>384,544,282</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>555,653,462</u>	<u>384,544,282</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(2.50)	0.25
Diluted earnings per share	(2.50)	0.25