

resources | energy | property | investments



# annual report 2015

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



Dear Shareholders,

We continue to grow and develop successfully investing in exciting projects and opportunities across Australia. I am pleased on behalf of the Board of Directors to present the 2015 Annual Report of the consolidated entity (referred to as the 'Group') consisting of ASF Group Limited (referred to as the 'company') and the entities it controlled.

With a clear focus principally on the identification, incubation and realisation of specific opportunities, especially in the areas of oil & gas, resources, property, infrastructure, travel and financial services, the Group has been able to again add significant shareholder value with our portfolio of investments. As a result, the company has forayed into the S&P/ASX All Ordinaries Index (AOI) with our excellent growth prospects reflected in our strong share performance over the past year. In recognition of our increased market capitalization, the company is now one of the largest 500 companies listed in ASX, and one of the most successful Sino-Australian investment and trading groups in Australia. We remain confident in ongoing Chinese investment interest in Australian assets, which include resource and energy projects and real estate complementing Australia's ongoing need for foreign capital.

The company will be looking to consolidate its assets in the near future utilising capital flows from China to enhance our asset portfolio and create further value for our shareholders in the coming years. As part of this consolidation, the company wishes to enhance the role of ASF Capital Pty Limited ('ASF Capital') to facilitate the Group's core strategy of participating in the two way capital flows between Australia and China. ASF Capital is a funds management subsidiary of the company that assists in providing services to selected Chinese businesses on matters such as public listing, investment and funds management opportunities in Australia.

A project that remains an exciting focus for the company is the proposed multi-billion dollar "Gold Coast Integrated Resort Project" where we continue as the proponent selected by the Queensland Government for an Integrated Resort development in the Southern Spit area of the Gold Coast, Australia. The project will deliver a multi-billion dollar integrated tourism precinct including top tier hotels, a world-class casino, branded residences, high end retail, unique entertainment and leisure, cultural center, public open space, and associated infrastructure upgrades.

I'd like to give a special thanks to our shareholders who have continued to support the company through the years with their participation in fundraising and convertible note issues that have successfully enabled the company to continue to grow and develop.

Finally I wish to thank my fellow Directors, staff and consultants for their overwhelming support and excellent work during the year.

Yours sincerely,



Min Yang  
Chairman

24 September 2015

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 2015.

#### **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 Chi Yuen (William) Kuan  
Mr Louis Chien (appointed 1 May 2015)

#### **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 loss for the Group after providing for income tax and non-controlling interest amounted to \$14,226,000 (30 June 2014: profit of \$956,000).

#### **Financial results and commentary**

Revenue from continuing operations of the Group for the year ended 30 June 2015 was \$639,000 (2014: \$1,262,000). Consolidated loss after tax attributable to members of the Group amounted to \$14,226,000 (2014: profit of \$956,000).

Loss for the year was attributable to the following:

- Impairment of listed investments of \$1,044,000;
- Share of losses of associates of \$2,353,000;
- 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 \$484,000.

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 settlement 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 from Oceanic Alliance Investments Limited ('OAIL Note').

Finance costs amounting to \$484,000 (2014: \$831,000) represented interest incurred on the 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 \$28,249,000 (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 approximately \$19,640,000 for 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 for 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% of 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 purchases.

*Kailli Resources Limited (formerly known as Omnitech Holdings Limited)*

In April 2014, the Group disposed of its 20% interest in ASF Kailli Resource Pty Ltd (holder of two tenements in the Western Australia) to Omnitech Holdings Limited, which changed its name in August 2014 to Kailli 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 the 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 a 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 \$4.6 million of the 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 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 license 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 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 companies 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 maintains good relationships 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 and 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.

The 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.

### **Significant changes in the state of affairs**

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

### **Matters subsequent to the end of the financial year**

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 \$7,500,000 of unsecured convertible notes with maturity date of 31 December 2016. As at the date of this report, \$2,250,000 has been drawn down. The notes carry interest at the rate of 5% per annum. The company may, subject to shareholders approval, convert all the notes into ordinary shares of the company at a conversion price being 80% of VWAP immediately prior to conversion. In addition, the company may select to convert the notes prior to the maturity date into ordinary shares of other wholly owned subsidiaries of the company at values agreed between the parties.

On 24 September 2015, the company secured an irrevocable commitment from Star Diamond Developments Limited which agrees to make available at the company's request a convertible note facility for up to \$5,000,000 to the company over the next 12 months.

As at 24 September 2015, the date of signing the financial statements, the share price of Rey Resources Limited had fallen to \$0.077 which equates to a fair value of the investment of \$10,010,000. The carrying value of this investment in associate at the reporting date and reflected in the financial statements is \$11,391,000.

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.

### **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, Victoria 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 including 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 till 27 August 2015  
**Interests in shares:** Direct interest of 286,500 ordinary shares and indirect interest of 77,257,125 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:** 18,026,525 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 77,257,125 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:** 39,662,906 ordinary shares



Name: Mr Geoff Baker  
Title: 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 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: 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: 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 holds a Master Degree in International Accounting. He is a Fellow of CPA Australia 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: Non-executive Director of Kaili Resources Limited (ASX: KLR, formerly known as Omnitech Holdings Limited)  
Former directorships (last 3 years): None  
Special responsibilities: None  
Interests in shares: 250,000 ordinary shares

Name:	Mr. Louis Li Chien
Title:	Executive Director
Qualifications:	Mr Chien holds a Master of Business Administration (MBA) from Kelley School of Business, Indiana University and two bachelor degrees in Architecture.
Experience and expertise:	Mr. Chien was born in Shanghai, China, grew up, educated and worked in the United States, and now based in Sydney, Australia. With over 20 years of experience working in Fortune 100 companies mostly based in the United States and recently Singapore, Mr. Chien has managed across the Americas, Europe and Asia-Pacific. He is principally responsible for the management of investment development, financial, and operational activities. Prior to joining the Group, Mr. Chien held various leadership positions within Procter & Gamble Company (P&G). He started his career as an architect in the United States.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit Committee from 27 August 2015
Interests in shares:	None

'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, holds a Master Degree in International Accounting. He is a fellow of CPA Australia and a member of the Institute of Chartered Secretaries and Administrators (ICSA) in the UK. Mr. Kuan 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 2015, and the number of meetings attended by each director were:

	Full Board Attended	Full Board Held	Audit Committee Attended	Audit Committee Held
Ms Min Yang - Chairman	5	5	2	2
Mr Nga Fong (Alex) Lao	5	5	-	-
Mr Quan (David) Fang	5	5	-	-
Mr Wai Sang Ho	5	5	-	-
Mr Geoff Baker	4	5	2	2
Mr Xin Zhang	3	5	-	-
Mr Yong Jiang	2	5	-	-
Mr William Kuan	5	5	-	-

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

No meetings held since the date of appointment of Mr. Chien as a director of the company to 30 June 2015.

#### **Remuneration report (audited)**

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

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 2015, the Group did not use any remuneration consultants.

*Voting and comments made at the company's 2014 Annual General Meeting ('AGM')*

At the 2014 AGM, the company received more than 90% of 'for' votes on its remuneration report for the 2014 financial year. 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.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
<b>2015</b>	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive</i>							
<i>Directors:</i>							
Nga Fong (Alex)							
Lao	-	-	-	-	-	185,000	185,000
Wai Sang Ho	-	-	-	-	-	185,000	185,000
<i>Executive</i>							
<i>Directors:</i>							
Geoff Baker (1)	291,958	-	-	2,774	-	462,500	757,232
Xin Zhang	82,207	-	-	7,600	-	185,000	274,807
Yong Jiang	81,938	-	-	7,600	-	55,500	145,038
Min Yang (2)	244,948	-	-	2,774	-	740,000	987,722
David Fang(3)	147,959	-	-	-	-	55,500	203,459
William Kuan	140,152	-	-	32,820	2,306	46,250	221,528
Louis Chien*	22,250	-	6,462	2,114	-	-	30,826
	<u>1,011,412</u>	<u>-</u>	<u>6,462</u>	<u>55,682</u>	<u>2,306</u>	<u>1,914,750</u>	<u>2,990,612</u>

\* Represents remuneration from 1 May 2015 to 30 June 2015.

Share-based payments represents fully paid ordinary shares of the company issued on 8 August 2014 including the following:

(1) 2,500,000 fully paid ordinary shares issued to Gold Star Industry Ltd as nominee of Mr Geoff Baker. Mr Baker has a beneficial interest in Gold Star Industry Ltd.

(2) 4,000,000 fully paid ordinary shares issued to Sincere Investment Group Ltd as compensation for the provision of consulting services by Ms Yang for prior years. Prior to October 2012, Ms Yang was engaged by Sincere Investment Group Ltd to provide consulting services to the Group. Ms Yang has no beneficial interest in Sincere Investment Group Ltd, however, payments made to Sincere Investment Group Ltd were deemed to be indirect payment to Ms Yang.

(3) Mr David Fang was engaged by Sincere Investment Group Ltd to provide consulting services to the ASF Group Limited and the fee represent consulting fees paid to Sincere Investment Group Ltd. 300,000 fully paid ordinary shares issued to Sincere Investment Group Ltd as compensation for the provision of consulting services by Mr David Fang for prior years. Mr Fang has no beneficial interest in Sincere Investment Group Ltd, however, payments made to Sincere Investment Group Ltd were deemed to be indirect payment to Mr Fang.

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

(1) Represents remuneration from 1 July 2013 to 28 November 2013.

(2) Represents consulting fees paid to consulting company, Sincere Investment Group Ltd. Mr Fang is engaged by Sincere Investment Group Ltd to provide consulting services to ASF Group Limited. Mr Fang has no beneficial interest in Sincere Investment Group Ltd. Payments made to Sincere Investment Group Ltd are considered indirect payments to Mr Fang.

During the year ended 30 June 2015, in recognition of their work with the Group to date, the company issued a one-off bonus shares to KMPs disclosed above. The shares were issued for no consideration and there are no vesting conditions. Share-based payments have been included under short term incentives ('STI') below.

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

Name	Fixed remuneration 2015	STI 2015
<i>Non-Executive Directors:</i>		
Nga Fong (Alex) Lao	-%	100%
Wai Sang Ho	-%	100%
<i>Executive Directors:</i>		
Geoff Baker	25%	75%
Xin Zhang	33%	67%
Yong Jiang	62%	38%
Min Yang	20%	80%
David Fang	73%	27%
William Kuan	79%	21%
Louis Chien	100%	-%

#### **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 2015  
 Term of agreement: 6 months, subject to renewal every 6 months  
 Details: A consultancy agreement dated 1 January 2015 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 Investment Group Ltd to provide consulting services to the Group. Mr Fang has no beneficial interest in Sincere Investment Group Ltd, however, payments made to Sincere Investment Group Ltd are considered indirect payment to Mr Fang.

Name: Geoff Baker  
Title: 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 contract 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: 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: 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.

Name: Louis Li Chien  
Title: Executive Director  
Agreement commenced: 1 April 2015  
Term of agreement: Open ended  
Details: Mr Chien is employed by the Group under an employment agreement. Mr. Chien will receive fixed remuneration of A\$7,417 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.

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

### **Share-based compensation**

#### *Issue of shares*

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2015 are set out below:

Name	Date	Shares	Issue price	\$
Min Yang	8 August 2014	4,000,000	\$0.185	740,000
Nga Fong (Alex) Lao	8 August 2014	1,000,000	\$0.185	185,000
Mr Quan (David) Fang	8 August 2014	300,000	\$0.185	55,500
Wai Sang Ho	8 August 2014	1,000,000	\$0.185	185,000
Geoff Baker	8 August 2014	2,500,000	\$0.185	462,500
Xin Zhang	8 August 2014	1,000,000	\$0.185	185,000
Yong Jiang	8 August 2014	300,000	\$0.185	55,500
William Kuan	8 August 2014	250,000	\$0.185	46,250

#### *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 2015.

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 2015.

### **Additional information**

The earnings of the Group for the five years to 30 June 2015 are summarised below:

	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000
Sales revenue	639	1,262	1,748	1,653	1,518
Profit (Loss) after income tax	(14,226)	956	(30,505)	21,169	(1,747)
Net equity	28,249	18,299	1,159	29,199	8,668

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

	2015	2014	2013	2012	2011
Average share price (\$)	0.24	0.16	0.21	0.14	0.12
Basic earnings per share (cents per share)	(2.56)	0.25	(9.82)	6.88	0.53
Share buy-back (\$'000)	976	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
<i>Ordinary shares</i>					
Min Yang (1)	286,500	-	-	-	286,500
Nga Fong (Alex) Lao	13,678,000	1,000,000	3,348,525	-	18,026,525
Quan (David) Fang (1)	10,000	-	-	-	10,000
Wai Sang Ho	12,875,000	1,000,000	25,787,906	-	39,662,906
Geoff Baker (2)	5,234,517	2,500,000	-	-	7,734,517
Xin Zhang (3)	40,000,000	1,000,000	5,000,000	-	46,000,000
Yong Jiang	-	300,000	-	-	300,000
William Kuan	-	250,000	-	-	250,000
	<u>72,084,017</u>	<u>6,050,000</u>	<u>34,136,431</u>	<u>-</u>	<u>112,270,448</u>

(1)The above shareholding excludes indirect interest of 77,257,125 (2014:62,430,000) 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.

*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 \$214,231 (2014: \$206,580)

Commissions on property sales to Sino Property Network Ltd, an entity in which Ms Min Yang has a beneficial interest \$6,475 (2014: \$83,648)

***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 2015 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 the 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 partners of Grant Thornton**

There are no officers of the company who are former 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

24 September 2015  
Sydney

Level 17, 383 Kent Street  
Sydney NSW 2000

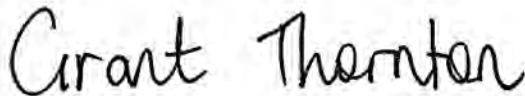
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**Auditor's Independence Declaration  
To the Directors of ASF Group Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of ASF Group Limited for the year ended 30 June 2015, 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



L M Worsley  
Partner - Audit & Assurance

Sydney, 24 September 2015

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## General information

The financial statements cover ASF Group Limited as a Group consisting of ASF Group Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is ASF Group Limited's functional and presentation currency.

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

Suite 2, 3B Macquarie Street  
Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 September 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 year ended 30 June 2015**

	Note	Consolidated 2015 \$'000	2014 \$'000
<b>Revenue</b>	4	639	1,262
Other income	5	-	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 expense	6	(36)	(37)
Impairment of investments in associates		(190)	-
Impairment of assets	6	(1,465)	(974)
Net fair value movements on other financial assets	6	(719)	-
Legal and professional fees		(877)	(991)
Corporate expenses		(1,444)	(682)
Occupancy		(678)	(610)
Share of profits or losses of associates	6	(2,353)	(794)
Finance costs	6	(484)	(831)
<b>Loss before income tax expense</b>		(14,842)	(577)
Income tax expense	7	-	-
<b>Loss after income tax expense for the year</b>		(14,842)	(577)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(364)	154
Other comprehensive income for the year, net of tax		(364)	154
<b>Total comprehensive income for the year</b>		(15,206)	(423)
Loss for the year is attributable to:			
Non-controlling interest		(616)	(1,533)
Owners of ASF Group Limited		(14,226)	956
		(14,842)	(577)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(616)	(1,533)
Owners of ASF Group Limited		(14,590)	1,110
		(15,206)	(423)
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	34	(2.56)	0.25
Diluted earnings per share	34	(2.56)	0.25

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 30 June 2015**

	Note	Consolidated 2015 \$'000	2014 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	4,229	2,309
Trade and other receivables	9	101	1,276
Other	10	537	140
<b>Total current assets</b>		<b>4,867</b>	<b>3,725</b>
<b>Non-current assets</b>			
Deposits		339	306
Investments accounted for using the equity method	11	12,917	13,187
Financial assets at fair value through profit or loss	12	2,907	1,589
Property, plant and equipment	13	356	102
Intangibles	14	13,684	5,465
<b>Total non-current assets</b>		<b>30,203</b>	<b>20,649</b>
<b>Total assets</b>		<b>35,070</b>	<b>24,374</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	942	880
Borrowings	16	5,819	4,922
Employee benefits	17	60	53
<b>Total current liabilities</b>		<b>6,821</b>	<b>5,855</b>
<b>Non-current liabilities</b>			
Borrowings	18	-	220
<b>Total non-current liabilities</b>		<b>-</b>	<b>220</b>
<b>Total liabilities</b>		<b>6,821</b>	<b>6,075</b>
<b>Net assets</b>		<b>28,249</b>	<b>18,299</b>
<b>Equity</b>			
Issued capital	19	101,883	73,029
Reserves	20	(840)	2,686
Accumulated losses		(71,971)	(57,745)
<b>Equity attributable to the owners of ASF Group Limited</b>		<b>29,072</b>	<b>17,970</b>
Non-controlling interest		(823)	329
<b>Total equity</b>		<b>28,249</b>	<b>18,299</b>

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 19)	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	-	-	(14,226)	(616)	(14,842)
Other comprehensive income for the year, net of tax	-	(364)	-	-	(364)
Total comprehensive income for the year	-	(364)	(14,226)	(616)	(15,206)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 19)	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>(840)</u>	<u>(71,971)</u>	<u>(823)</u>	<u>28,249</u>

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 year ended 30 June 2015**

	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)		(8,292)	(6,548)
		(6,554)	(6,158)
Interest received		71	30
Other revenue		-	1,235
Net cash used in operating activities	33	(6,483)	(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		(289)	(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		(14,299)	(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		1,762	(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		158	54
Cash and cash equivalents at the end of the financial year	8	4,229	2,309

*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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

### **Comparatives**

Comparatives in the statement of profit or loss and other comprehensive income and statement of financial position have been realigned with the current period presentation. There has been no effect on the loss for the comparative year or net assets of the Group.

### **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').

As at 30 June 2015, the Group is in a net current liability position of \$1,954,000. Current liabilities includes convertible notes amounting to \$5,799,000 which 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 at a conversion price of \$0.28 per share.

As detailed in note 32, the company has successfully issued another convertible notes to sophisticated investors which can be drawn down to the extent of \$7,500,000 with maturity date of 31 December 2016. As at the date of this report, an aggregate amount of \$2,250,000 has been drawn down.

In addition, the company has secured an irrevocable commitment from Star Diamond Developments Limited which agrees to make available at the company's request a further convertible note facility for up to \$5,000,000 to the company over the next 12 months.

The Group has a proven track record in raising capital. Other than the convertible notes mentioned above, the Company had successfully completed rights issues raising approximately \$20 million during the financial year. The directors are confident that the Group is able to raise additional capital either by way of issuing new shares or convertible notes as and when necessary.

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.

### *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.

### *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 29.

## **Note 1. Significant accounting policies (continued)**

### **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 2015 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.

#### *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 rates at the dates of the transactions, 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.

## Note 1. Significant accounting policies (continued)

### *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 the 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 be applied 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 at 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.

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.

### **Note 1. Significant accounting policies (continued)**

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 classified as current when: it is either 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 classified as current when: it is either 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.

#### **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.

## Note 1. Significant accounting policies (continued)

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.

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.

### Note 1. Significant accounting policies (continued)

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the 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.

#### Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

#### *Exploration and evaluation*

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 for 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 feasibility 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.

#### 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.

## Note 1. Significant accounting policies (continued)

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.

### 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 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 corporate 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.

### 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 interests. 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.

## **Note 1. Significant accounting policies (continued)**

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 at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

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.

### **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.

#### *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 2015. 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.



## Note 1. Significant accounting policies (continued)

### *AASB 9 Financial Instruments*

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 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. Exposure Draft (ED 263) 'Effective Date of AASB 15' proposes to defer the application date by one year (1 January 2018). 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 expects to adopt this standard from 1 July 2018 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.

### *Estimation of useful lives of assets*

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

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

### *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.

### *Intangibles - 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.

### *Intangibles - capitalised project costs*

Judgement and estimates are required when considering impairment. Management considered impairment of the Intangibles - capitalised project costs in light of the decrease in the size and scope of the 'Gold Coast Integrated Resort Project'. In completing the impairment assessment management determined costs directly attributable to the area which has now been excluded from the original site were impaired. All other costs that were not specifically identified as relating to the area that was excluded from the site were considered in detail by supplier and where costs may have partially related to the site reduction, management applied an apportionment against these costs based on the reduction in scale of the project. Refer to note 14.

### *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 in 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 the prospective potential of underlying exploration and evaluation assets.

### *Investment in financial assets at fair value through profit or loss*

The Group holds 17.17% interest in Metaliko Resources Ltd (ASX: MKO) and 19.54% interest in Key Petroleum Ltd (ASX: KEY). As an investment company, the Group has elected to apply paragraph 18 of AASB 128 'Investments in Associates and Joint Ventures' and record these investments at fair value.

### 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.

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

	<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	71	30
	<u>71</u>	<u>30</u>
Revenue	<u><u>639</u></u>	<u><u>1,262</u></u>

### Note 5. 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 6. Expenses**

	Consolidated	
	2015 \$'000	2014 \$'000
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	4	6
Plant and equipment	26	24
Motor vehicles under lease	6	7
	36	37
<i>Impairment</i>		
Mining exploration and evaluation expenditures	215	974
Capitalised project costs	1,239	-
Other assets	11	-
	1,465	974
<i>Share of profits or losses of associates</i>		
China Coal Resources Pty Ltd	283	39
Kalli International Resources Ltd	-	(221)
Rey Resources Limited	1,917	642
ActivEX Limited	153	334
	2,353	794
<i>Net fair value movement on other financial assets</i>		
Key Petroleum Ltd (ASX: KEY)	1,044	-
Metaliko Resources Ltd (ASX: MKO)	(116)	-
Kaili Resources Limited (ASX: KLR)	(209)	-
	719	-
<i>Finance costs</i>		
Interest and finance charges paid/payable	484	831
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	634	513
<i>Superannuation expense</i>		
Defined contribution superannuation expense	144	106
<i>Share-based payments expense*</i>		
Consultancy expenses	1,860	-
Employee benefits expense	416	-
	2,276	-

\*Share-based payments expense included issue of shares to directors and employees following a resolutions passed at the Extraordinary General Meeting held on 8 August 2014 with a value of \$2,276,000.

**Note 7. Income tax expense**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(14,842)	(577)
Tax at the statutory tax rate of 30%	(4,453)	(173)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	11	5
Legal expenses	4	-
Impairment of assets	342	-
Share-based payments	683	-
Share of loss - associates	706	238
Capital gain on conversion of Star Diamond convertible loan	-	(445)
Impairment of inter-company loans	-	1,313
Reversal of impairment of investment	-	(1,941)
Tax capitalisation of project costs	165	620
Other adjustments	(286)	(669)
	(2,828)	(1,052)
Current year tax losses not recognised	2,828	1,052
Income tax expense	-	-

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	21,358	11,931
Potential tax benefit @ 30%	6,407	3,579

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**

	<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

**Note 9. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	21	15
Other receivables	80	1,261
	101	1,276

**Note 9. Current assets - trade and other receivables (continued)**

*Impairment of receivables*

The Group has recognised a loss of \$6,000 (2014: \$66,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2015.

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

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Over 6 months overdue	6	66

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

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Additional provisions recognised	6	66
Receivables written off during the year as uncollectable	(6)	(66)
Closing balance	-	-

*Past due but not impaired*

As at 30 June 2015, no trade receivables were past due but not impaired (2014: Nil)

**Note 10. Current assets - other**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepayments	536	139
Other current assets	1	1
	537	140

**Note 11. 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)	11,391	11,808
ActivEX Limited (ASX: AIV)	1,342	695
	12,917	13,187

Refer to note 31 for further information on interests in associates.

**Note 12. Non-current assets - financial assets at fair value through profit or loss**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
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	-
	<u>2,907</u>	<u>1,589</u>

Refer to note 23 for further information on fair value measurement.

**Note 13. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Leasehold improvements - at cost	412	148
Less: Accumulated depreciation	(143)	(137)
	<u>269</u>	<u>11</u>
Plant and equipment - at cost	224	200
Less: Accumulated depreciation	(159)	(137)
	<u>65</u>	<u>63</u>
Motor vehicles - at cost	55	55
Less: Accumulated depreciation	(33)	(27)
	<u>22</u>	<u>28</u>
	<u>356</u>	<u>102</u>

*Reconciliations*

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

<b>Consolidated</b>	Leasehold improvements \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
Balance at 1 July 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)
	<u>11</u>	<u>63</u>	<u>28</u>	<u>102</u>
Balance at 30 June 2014	11	63	28	102
Additions	261	28	-	289
Disposals	-	(3)	-	(3)
Exchange differences	1	3	-	4
Depreciation expense	(4)	(26)	(6)	(36)
	<u>269</u>	<u>65</u>	<u>22</u>	<u>356</u>
Balance at 30 June 2015	<u>269</u>	<u>65</u>	<u>22</u>	<u>356</u>

**Note 14. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
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

*Reconciliations*

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

	Mining exploration and evaluation expenditures \$'000	Capitalised project costs \$'000	Total \$'000
<b>Consolidated</b>			
Balance at 1 July 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
Additions	1,414	8,259	9,673
Impairment of assets	-	(1,239)	(1,239)
Write off of assets	(215)	-	(215)
Balance at 30 June 2015	5,699	7,985	13,684

*Impairment of capitalised project costs*

During the year ended 30 June 2015, the Group reviewed capitalised project costs for impairment.

As a result of the scale of development of the Gold Coast Integrated Resort ('GCIR') project being refocused, the Group has determined that it is appropriate to impair certain elements of cost which will not be included in the refocused project. Firstly, costs for the planning, design and community consulting for the Cruise Ship Terminal; and secondly costs for any studies that include marine impact, hydrology/flooding, dredging and other environmental aspects for Wavebreak Island. To this effect, an impairment of \$1,239,000 has been made to the project costs previously capitalised.

**Note 15. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	366	609
Other payables	576	271
	942	880

Refer to note 22 for further information on financial instruments.



**Note 16. Current liabilities - borrowings**

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

Refer to note 22 for further information on financial instruments.

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% per annum. 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 17. Current liabilities - employee benefits**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Employee benefits	<u>60</u>	<u>53</u>

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 18. Non-current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Convertible notes payable	-	300
Facility related costs	-	(80)
	<u>-</u>	<u>220</u>

Refer to note 22 for further information on financial instruments.

**Note 18. Non-current liabilities - borrowings (continued)**

*Financing arrangements*

Unrestricted access was available at the reporting date to the following lines of credit (current and non-current):

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Total facilities		
Convertible notes payable	6,000	3,300
Loan payable	-	2,056
	6,000	5,356
Used at the reporting date		
Convertible notes payable	6,000	3,300
Loan payable	-	2,056
	6,000	5,356
Unused at the reporting date		
Convertible notes payable	-	-
Loan payable	-	-
	-	-

**Note 19. Equity - issued capital**

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

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$'000</b>
Balance	1 July 2013	295,824,532		55,283
Transfer from reserves	1 July 2013	17,467,645	\$0.130	2,235
Share placement	10 September 2013	10,545,222	\$0.220	2,290
Share placement	30 September 2013	3,091,142	\$0.220	680
Rights issue	19 December 2013	63,078,685	\$0.100	6,308
Star Diamond conversion	30 December 2013	36,363,636	\$0.110	4,000
Star Diamond conversion	20 January 2014	21,040,091	\$0.110	2,314
Share buy-back	1 July 2013 - 30 June 2014	(449,657)	\$0.000	(81)
Balance	30 June 2014	446,961,296		73,029
Rights issue	7 August 2014	55,870,162	\$0.180	10,057
Star Diamond conversion	8 August 2014	17,490,411	\$0.180	3,148
Issue of bonus shares to directors and employees	8 August 2014	12,300,000	\$0.000	2,276
Rights issue	22 December 2014	33,852,492	\$0.180	6,093
Share placement	6 February 2015	21,661,414	\$0.220	4,766
Rights issue	19 February 2015	5,555,555	\$0.180	1,000
Rights issue	13 March 2015	13,832,154	\$0.180	2,490
Share buy-back	1 July 2014 - 30 June 2015	(3,268,747)	\$0.000	(976)
Balance	30 June 2015	604,254,737		101,883

**Note 19. Equity - issued capital (continued)**

*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.

*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 Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2014 Annual Report.

**Note 20. Equity - reserves**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign currency reserve	125	489
Non-controlling interests reserve	(965)	2,197
	<u>(840)</u>	<u>2,686</u>

*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 20. Equity - reserves (continued)

### Movements in reserves

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

<b>Consolidated</b>	Foreign currency reserve \$'000	Share-based payment reserve \$'000	Non- controlling interest reserve \$'000	Total \$'000
Balance at 1 July 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
Foreign currency translation	(364)	-	-	(364)
Acquisition of shares in subsidiaries and other non-controlling interest	-	-	(3,162)	(3,162)
Balance at 30 June 2015	<u>125</u>	<u>-</u>	<u>(965)</u>	<u>(840)</u>

## Note 21. Equity - dividends

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

## Note 22. 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.

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.

## Note 22. Financial instruments (continued)

### 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 \$291,000 higher/ \$291,000 lower (2014: \$159,000 higher/ \$159,000 lower). 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 (2014:50) basis points would have an adverse/favourable effect on profit before tax of \$ 21,000 (2014: \$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.

### 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.

	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
<b>Consolidated - 2015</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-%	366	-	-	-	366
Other payables	-%	576	-	-	-	576
Loan payable	-%	20	-	-	-	20
<i>Interest-bearing - fixed rate</i>						
Convertible notes payable	5.00%	300	6,225	-	-	6,525
Total non-derivatives		1,262	6,225	-	-	7,487

**Note 22. Financial instruments (continued)**

<b>Consolidated - 2014</b>	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
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-%	609	-	-	-	609
<i>Interest-bearing - fixed rate</i>						
Convertible notes payable	12.00%	3,260	311	-	-	3,571
Loan payable	10.00%	2,128	-	-	-	2,128
<b>Total non-derivatives</b>		<u>5,997</u>	<u>311</u>	<u>-</u>	<u>-</u>	<u>6,308</u>

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

**Note 23. 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

<b>Consolidated - 2015</b>	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Investments at fair value through profit or loss	2,907	-	-	2,907
<b>Total assets</b>	<u>2,907</u>	<u>-</u>	<u>-</u>	<u>2,907</u>
<b>Consolidated - 2014</b>				
<i>Assets</i>				
Investments at fair value through profit or loss	1,589	-	-	1,589
<b>Total assets</b>	<u>1,589</u>	<u>-</u>	<u>-</u>	<u>1,589</u>

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

**Note 24. 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:

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	1,017,874	925,930
Post-employment benefits	55,682	35,436
Long-term benefits	2,306	-
Share-based payments	1,914,750	-
	<u>2,990,612</u>	<u>961,366</u>

**Note 25. 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:

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - Grant Thornton</i>		
Audit or review of the financial statements	<u>218,513</u>	<u>156,732</u>
<i>Audit services - unrelated firms</i>		
Audit or review of the financial statements	<u>13,409</u>	<u>67,671</u>
<i>Other services - unrelated firms</i>		
Tax compliance service	<u>15,670</u>	<u>26,640</u>
	<u>29,079</u>	<u>94,311</u>

**Note 26. Contingencies**

The Group has given bank guarantees as at 30 June 2015 of \$69,000 (30 June 2014: \$143,000).

**Note 27. Commitments**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	968	282
One to five years	2,398	-
	3,366	282
 <i>Capital commitments - Exploration and evaluation</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	6,255	2,832
One to five years	15,899	10,579
	22,154	13,411

Operating lease commitments includes contracted amounts for commercial leases under non-cancellable operating leases expiring within one to five years 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 Tasmania, Queensland and Victoria.

**Note 28. Related party transactions**

*Parent entity*

ASF Group Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 30.

*Associates*

Interests in associates are set out in note 31.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 24 and the remuneration report in the directors' report.

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<i>Sale of goods and services:</i>		
Corporate service fee paid by associates	24,000	144,000
Share placement and advisory fees paid by associates	275,000	107,200
 <i>Payment for other expenses:</i>		
Rent paid to SPC Investments Pty Ltd, an entity in which Ms Min Yang has a beneficial interest	214,231	206,580
Commissions on property sales to Sino Property Network Ltd, an entity in which Ms Min Yang has a beneficial interest	6,475	83,648



**Note 28. 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 29. Parent entity information**

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

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax	(39,206)	(1,325)
Total comprehensive income	(39,206)	(1,325)

*Statement of financial position*

	<b>Parent</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Total current assets	24,623	38,128
Total assets	34,612	41,971
Total current liabilities	7,585	4,896
Total liabilities	7,585	4,896
Equity		
Issued capital	101,883	73,029
Non-controlling interests reserve	314	10
Accumulated losses	(75,170)	(35,964)
Total equity	<u>27,027</u>	<u>37,075</u>

*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 2015 and 30 June 2014.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2015 and 30 June 2014.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2015 and 30 June 2014.

**Note 29. 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 30. 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	
		2015 %	2014 %
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%	100.00%
ASF Capital Secure Fund	Australia	100.00%	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%	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%	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%	100.00%
ASF Venture Fund	Australia	100.00%	100.00%
Aushome China Pty Ltd	Australia	100.00%	100.00%
Austin Resources Pty Ltd	Australia	100.00%	100.00%
Basin Coal Pty Ltd	Australia	100.00%	100.00%
Victory Coal Pty Ltd	Australia	100.00%	100.00%
ASF Resources Ltd	Australia	100.00%	53.69%
ASF European Holdings Ltd	United Kingdom	100.00%	-%
ASF Global Integrated Resort Holdings Ltd	Hong Kong	100.00%	-%

**Note 30. Interests in subsidiaries (continued)**

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		Non-controlling interest Ownership interest	
			2015 %	2014 %	2015 %	2014 %
ASF Capital Pty Ltd	Australia	Fund management and advisory	59.51%	59.51%	40.49%	40.49%
Civil and Mining Resources Pty Ltd	Australia	Exploration	68.97%	68.21%	31.03%	31.79%
ASF Financial Holding Pty Ltd	Australia	Dormant	51.00%	-%	49.00%	-%
Dawson West Coal Pty Ltd	Australia	Exploration	68.97%	-%	31.03%	-%

**Note 30. Interests in subsidiaries (continued)**

*Summarised financial information*

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

	<b>ASF Capital Pty Ltd</b>		<b>Civil and Mining Resources Pty Ltd</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Summarised statement of financial position</i>				
Current assets	522	810	29	147
Non-current assets	-	-	2,719	3,758
<b>Total assets</b>	<b>522</b>	<b>810</b>	<b>2,748</b>	<b>3,905</b>
Current liabilities	12	14	921	3,761
<b>Total liabilities</b>	<b>12</b>	<b>14</b>	<b>921</b>	<b>3,761</b>
<b>Net assets</b>	<b>510</b>	<b>796</b>	<b>1,827</b>	<b>144</b>
<i>Summarised statement of profit or loss and other comprehensive income</i>				
Revenue	275	117	1	213
Expenses	(561)	(228)	(1,283)	(621)
Loss before income tax expense	(286)	(111)	(1,282)	(408)
Income tax expense	-	-	-	-
Loss after income tax expense	(286)	(111)	(1,282)	(408)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>(286)</b>	<b>(111)</b>	<b>(1,282)</b>	<b>(408)</b>
<i>Statement of cash flows</i>				
Net cash from/(used in) operating activities	(86)	122	(2,257)	(87)
Net cash used in investing activities	-	-	(3)	(279)
Net cash from/(used in) financing activities	314	(136)	2,331	300
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>228</b>	<b>(14)</b>	<b>71</b>	<b>(66)</b>
<i>Other financial information</i>				
Loss attributable to non-controlling interests	(116)	(52)	(377)	(258)
Accumulated non-controlling interests at the end of reporting period	440	556	(1,256)	(879)

**Note 31. 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:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2015 %	2014 %
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	18.26%	18.21%
ActivEX Limited (4)	Australia	19.55%	16.10%

(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 31. Interests in associates (continued)**

*Summarised financial information*

	China Coal Resources Pty Ltd		Rey Resources Limited		ActivEX Limited	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>Summarised statement of financial position</i>						
Current assets - cash and cash equivalents	9	7	1,652	3,000	1,055	3,354
Current assets - others	-	-	80	100	95	99
Non-current assets	846	1,859	35,066	38,201	7,039	6,216
<b>Total assets</b>	<b>855</b>	<b>1,866</b>	<b>36,798</b>	<b>41,301</b>	<b>8,189</b>	<b>9,669</b>
Current liabilities - financial liabilities excluding trade payables	29	-	-	-	-	-
Current liabilities - others	4	10	313	500	149	198
Non-current liabilities - financial liabilities excluding trade payables	100	-	-	-	-	2,500
Non-current liabilities - others	-	-	45	45	-	39
<b>Total liabilities</b>	<b>133</b>	<b>10</b>	<b>358</b>	<b>545</b>	<b>149</b>	<b>2,737</b>
<b>Net assets</b>	<b>722</b>	<b>1,856</b>	<b>36,440</b>	<b>40,756</b>	<b>8,040</b>	<b>6,932</b>
<i>Summarised statement of profit or loss and other comprehensive income</i>						
Revenue	-	-	14	9	151	-
Interest income	2	5	50	120	7	26
Depreciation and amortisation	(1)	(1)	(4)	(45)	(33)	(55)
Expenses	(1,134)	(159)	(10,260)	(3,388)	(1,013)	(975)
Loss before income tax	(1,133)	(155)	(10,200)	(3,304)	(888)	(1,004)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>(1,133)</b>	<b>(155)</b>	<b>(10,200)</b>	<b>(3,304)</b>	<b>(888)</b>	<b>(1,004)</b>
<i>Reconciliation of the Group's carrying amount</i>						
Opening carrying amount	467	503	11,808	5,980	695	1,985
Share of loss after income tax	(283)	(39)	(1,917)	(642)	(153)	(334)
Reversal of impairment	-	-	-	6,470	-	-
Other adjustments	-	3	-	-	-	-
Additions in Associate	-	-	1,500	-	800	567
Disposal of Associates	-	-	-	-	-	(1,523)
<b>Closing carrying amount</b>	<b>184</b>	<b>467</b>	<b>11,391</b>	<b>11,808</b>	<b>1,342</b>	<b>695</b>
<b>Quoted fair value</b>	<b>-</b>	<b>-</b>	<b>13,650</b>	<b>12,075</b>	<b>4,255</b>	<b>1,468</b>

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

**Note 31. Interests in associates (continued)**

*Contingent liabilities*

Contingent liabilities as at 30 June 2015 Nil (30 June 2014: Nil)

*Commitments*

Share of commitments but not recognised as liability as at 30 June 2015 Nil (30 June 2014: Nil)

**Note 32. 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 \$7,500,000 of unsecured convertible notes with maturity date of 31 December 2016. As at the date of this report, \$2,250,000 has been drawn down. The notes carry interest at the rate of 5% per annum. The company may, subject to shareholders approval, convert all the notes into ordinary shares of the company at a conversion price being 80% of VWAP immediately prior to conversion. In addition, the company may select to convert the notes prior to the maturity date into ordinary shares of other wholly owned subsidiaries of the company at values agreed between the parties.

On 24 September 2015, the company secured an irrevocable commitment from Star Diamond Developments Limited which agrees to make available at the company's request a convertible note facility for up to \$5,000,000 to the company over the next 12 months.

As at 24 September 2015, the date of signing the financial statements, the share price of Rey Resources Limited had fallen to \$0.077 which equates to a fair value of the investment of \$10,010,000. The carrying value of this investment in associate at the reporting date and reflected in the financial statements is \$11,391,000.

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

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax expense for the year	(14,842)	(577)
Adjustments for:		
Depreciation and amortisation	36	37
Impairment of investments	190	-
Net loss on disposal of property, plant and equipment	4	-
Share of loss - associates	2,353	794
Share-based payments	2,276	-
Impairment of intangible assets	1,454	974
Reversal of impairment of investment in associates	-	(6,470)
Net gain on sale of investments	-	(286)
Non-cash transactions - finance cost	390	822
Foreign exchange differences	125	100
Bad debts	6	-
Net fair value loss on investments	719	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	740	(1,015)
Increase in prepayments	-	(53)
Decrease in other operating assets	-	1,127
Increase/(decrease) in trade and other payables	66	(370)
Increase in employee benefits	-	24
Net cash used in operating activities	<u>(6,483)</u>	<u>(4,893)</u>

**Note 34. Earnings per share**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax	(14,842)	(577)
Non-controlling interest	616	1,533
	<u>(14,226)</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	(2.56)	0.25
Diluted earnings per share	(2.56)	0.25



In the directors' opinion:

- the attached financial statements and notes 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 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 give a true and fair view of the Group's financial position as at 30 June 2015 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



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Min Yang  
Chairman

24 September 2015  
Sydney

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Sydney NSW 2000

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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 (the “Company”), which comprises the consolidated statement of financial position as at 30 June 2015, 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.

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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 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 2015 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 9 to 16 of the directors' report for the year ended 30 June 2015. 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 for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



L M Worsley  
Partner - Audit & Assurance

Sydney, 24 September 2015

The shareholder information set out below was applicable as at 22 September 2015.

**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	1,378	-
1,001 to 5,000	1,049	-
5,001 to 10,000	381	-
10,001 to 100,000	406	-
100,001 and over	102	-
	<u>3,316</u>	<u>-</u>
Holding less than a marketable parcel	<u>1,519</u>	<u>-</u>

**Equity security holders**

*Twenty largest quoted equity security holders*

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

	Number held	Ordinary shares % of total shares issued
FY HOLDINGS LIMITED	77,257,125	12.79
RUBY BRIDGE GROUP LIMITED	68,276,565	11.30
SUNTIMES INTERNATIONAL LTD	45,000,000	7.45
WAI SANG HO	39,662,906	6.56
MR ZHEN LI	29,124,153	4.82
JADE SILVER INVESTMENTS LIMITED	26,386,276	4.37
WELL SMART CAPITAL HOLDINGS (BVI 1557182)	22,275,000	3.69
RISING GAIN HOLDINGS LIMITED	20,214,563	3.35
BETTER FUTURE CAPITAL INVESTMENT LIMITED	18,562,500	3.07
GLORY RESOURCES INTERNATIONAL INVESTMENT LIMITED	18,562,500	3.07
FOREVER GRAND GROUP LIMITED	18,222,187	3.02
NGA FONG LAO	18,026,525	2.98
WISEPLAN HOLDINGS LTD	17,297,777	2.86
XING MAO LIMITED	16,038,957	2.65
JIANYING WANG	13,636,364	2.26
RUITONG WANG	11,250,000	1.86
MR JIANZHONG YANG	10,000,000	1.65
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,265,683	1.37
SMART FAMOUS INTERNATIONAL HOLDINGS LIMITED	8,219,428	1.36
GOLD STAR INDUSTRY LIMITED	7,734,517	1.28
	<u>494,013,026</u>	<u>81.76</u>

*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	77,257,125	12.79
RUBY BRIDGE GROUP LIMITED	68,276,565	11.30
SUNTIMES INTERNATIONAL LTD	45,000,000	7.45
WAI SANG HO	39,662,906	6.56

### 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 Quan (David) Fang Mr Wai Sang Ho Mr Geoff Baker Mr Xin Zhang Mr Yong Jiang Mr William Kuan Mr Louis Chien
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 12, 225 George 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	<a href="http://www.asfgroupltd.com">www.asfgroupltd.com</a>
Corporate governance statement	The corporate governance statement was approved at the same time as the annual report and can be found at <a href="http://www.asfgroupltd.com/investor-centre/corporate-governance-statement/">http://www.asfgroupltd.com/investor-centre/corporate-governance-statement/</a>

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