APPENDIX 4E

PRELIMINARY FINAL REPORT

FINANCIAL YEAR ENDED 30 JUNE 2013

ASF Group Limited

A.B.N. 50 008 924 570

APPENDIX 4E

Preliminary Final Report

ASF Group Limited (the "**Company**")	
A.B.N 50 008 924 570	**Financial Year ended 30 June 2013**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$A
Revenues from ordinary activities	Up	**1.72%**	**To**	**1,681,818**
Loss from ordinary activities after tax attributable to members	Up	**243.6%**	**To**	**(30,505,916)**
Net loss for the year attributable to members	Up	**243.6%**	**To**	**(30,505,916)**

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	No final dividend proposed	
Previous corresponding period	Nil	Nil

Entity over which control has been gained during the period

Name	Date of gain of control	Contribution to net profits/(losses), where material	
		2013 $	2012 $
ASF Resources Limited	21/6/13	(14,908,876)	(75,226)

In June 2013, the Company, Longluck Investment (Australia) Pty Ltd **(Longluck)** and ASF Resources Limited (**ASFR**) entered into a Share Buy-back Deed whereby ASFR would acquire and cancel the shares of ASFR held by Longluck for the sum of $5.5 million as consideration. The buy-back was completed on 21 June 2013 and the Shareholders Deed and the Company's obligations pursuant to it came to an end. The Company now has a relevant interest in 89% of ASFR.

The largest contributions to the Company's net loss for the year were from the losses arising from the impairment of investment in ASFR as a result of the share buy-back and impairment of the investment in Rey Resources Limited.

Entities over which control has been lost during the period

Name	Date of loss of control	Contribution to net profits/(losses), where material	
		2013 $	2012 $
Austin Resources Pty Ltd	31/12/12	(130)	(277)
ASF Copper Pty Ltd	31/12/12	(230)	-
APEC Coal Pty Ltd	31/12/12	(230)	-

In December 2012, the Group sold two tenements in Queensland and two in Tasmania which were held by three wholly-owned subsidiaries to Profit Achieve Holdings Limited for $600,000.

Associates and Joint Venture entities

Name	Ownership interest		Aggregate share of profits/(losses), where material		Contribution to net profits/(losses), where material	
	2013 %	2012 %	2013 $	2012 $	2013 $	2012 $
China Coal Resources Pty Ltd	25%	45%	(50,912)	(55,381)	(50,912)	(55,381)
Kaili International Resource Ltd	20%	20%	(313,676)	(42,649)	(313,676)	(42,649)
Rey Resources Limited	20.51%	6.01%	(1,349,348)	-	(7,820,000)	-
ActivEX Limited	42.75%	13.04%	(635,262)	-	(635,262)	-

Financial results and commentary

ASF Group Ltd ("**ASF or the Company**") is a Sino-Australian investment and trading house which focuses principally on the identification, incubation and realisation of opportunities in areas of synergy between China and Australia including resources, commodities trading and property sectors, alongside travel and financial services.

Revenue from continuing operations of the Company including its controlled entities for the financial year ended 30 June 2013 increased by 1.7% to $1,681,818 (2012: $1,653,349).

Consolidated loss after tax attributable to members of the Company amounted to $30,505,916, compared with a profit of $21,243,999 for the previous year.

The loss for the year was mainly attributable to the following items:

- Impairment of investment in ASFR of approximately $15 million as a result of the buy-back from Longluck of its 45% interest in ASFR;
- share of losses of Rey Resources Limited and ActivEX Limited of approximately $2 million;
- approximately $6.5 million arising from the provision of impairment of investment in Rey Resources Limited to its fair value;
- impairment of investments in ASF Kaili Resources and China Coal Resources of approximately $2 million in total.

On 28 May 2013 the Company issued a release to the ASX informing the market of an alleged fraud involving alleged misappropriated funds amounting to approximately $1.68 million from Group and associated companies and indicating that the Company had commenced actions to seek immediate recovery of the funds. The misappropriated amounts are contained within the provisions for impairment that are referred to in the financial results presented in this Preliminary Final Report.

A summary of consolidated revenues and results for the year by significant business segments is set out below:

	Segment revenues		**Segment results**	
	2013	2012	**2013**	2012
	$	$	**$**	$
Property marketing and services	**347,738**	836,734	**(209,774)**	44,631
Mineral and resources	**-**	-	**(23,485,344)**	24,629,941
Resources trading	**-**	-	**(117,885)**	11,694
Fund management and advisory services	**203,829**	5,000	**(696)**	(238,687)
Corporate services	**1,130,251**	811,615	**(6,726,078)**	(3,278,235)
Total segment revenue/result	**1,681,818**	1,653,349	**(30,539,777)**	21,169,346

Net assets for the year was $1,159,129, compared to $29,199,305 for the previous year. The decrease in net assets was predominantly due to:

- Impairment of investment in ASFR as a result of the buy-back of 45% interest in ASFR; and
- The convertible loan of $9.8 million (inclusive of interest) being shown as a liability on the Balance Sheet (2012: Nil).

On 28 February 2013, the Company announced the extension of its on-market share buyback program for another 12 months. In the year to 30 June 2013, the Company spent approximately $0.3 million on the buy-back of its own shares.

As at the balance sheet date, the Group had outstanding convertible loans of $9.8 million (inclusive of interest), which are convertible into either one or a combination of the Company's shares or into new shares of one or more of the Company's subsidiaries or investments held by such subsidiaries.

Subsequent to the year-end:

- The maturity date of the convertible loans has been extended to 30 September 2014; and

- The Company signed a Subscription Agreement to raise new capital of $3.0 million by the placement of 13,636,364 fully paid ordinary shares of the Company to a professional investor at an issue price of $0.22 per share, subject to the approval of the Company's Directors.

Business Strategy (the "ASF business model")

The Company's strategy is to identify and develop key early stage projects through joint ventures and strategic investments with the goal of maximising shareholder value.

The Company's investments have been made with a medium to long-term perspective with a view to assisting significant value creation in the investee companies, which in turn is expected to result in increased shareholder value in the Company. However, the Company anticipates realising investments from time to time when it is appropriate and beneficial to do so.

In the year to 30 June 2013, the Company was primarily in an investing phase compared with the previous year when significant gains were realised on certain investments.

A key advantage of the Company is its knowledge of both Chinese and Australian markets, industries, regulations and opportunities for growth. China has long been an investor in Australian property and resources. It is currently the ninth largest foreign direct investor in Australia and Chinese direct investment inflows have increased dramatically over recent years..

Together, the ASF team has a track record in identifying and developing early-stage investment opportunities which it seeks to transform into viable projects. This is done through matching these opportunities within its key contacts enabling the formation of joint ventures and strategic investments to occur from time to time.

The identification process is an ongoing strategic practice based on a number of factors including market conditions and other assessments which assist the Company to identify industries which are considered to be prospective for development and investment. These industries include:

- Property Marketing and Services
- Resources & Energy
- Resources Trading
- Travel Services
- Corporate Advisory Services
- Funds Management & Investments
- Significant Investment Visa Program

There is ongoing Chinese investment interest in resource and energy projects and growing interest in agriculture, renewable energy and real estate. Australia remains a stable and reliable supplier of high quality high volume natural resources: iron ore, copper, coal, gas which are needed as China's urbanisation trend continues and the slow transition to cleaner energy takes place.

Another area in which ASF plans to participate is in the new Significant Investor Visa program. This program, which was announced in late 2012, has already attracted over 200 applications for the AUD5 million investment class visas. Chinese migrant applicants represent a large proportion of this group.

Overall, it is expected that investment in Australia is to remain a very attractive option for Chinese investment for the foreseeable future. However, this requires a thorough understanding of regulatory and other Australian market characteristics. ASF has a key advantage when it comes to streamlining this process due to its experience, knowledge and contacts to participate in major projects.

Principal Investments

ActivEX Limited
The Company, through its wholly-owned subsidiary, ASF Gold and Copper Pty Ltd ("**ASFGC**"), acquired through two private placements an equity interest of 19.9% in ActivEX Limited during 2012.

In May 2013, ASFGC announced an on-market takeover bid for all the shares of ActivEX at $0.015 per share which closed on 28 June 2013. ASFGC is currently the largest shareholder holding 42.75% of the issued share capital of ActivEX.

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

Rey Resources Limited
The Company announced on 18 June 2012, that it would subscribe for up to 115 million new ordinary shares in the capital of Rey Resources Limited ("**Rey**"), the second tranche of 90 million shares being subject to the approval of Rey shareholders.

At a general meeting of Rey held on 6 September 2012, the second tranche subscription for 90 million Rey shares was approved. The Company held approximately 20.5% of the issued share capital of Rey as at 30 June 2013.

Rey is an ASX-listed resource exploration and development company with a large tenement holding in the Canning Basin, Western Australia.

Rey owns the Duchess-Paradise coal project in the Canning Basin and on 30 June 2013 it entered into a sale agreement for the sale of the project for $21 million on a staged basis.

In March 2013, Rey announced that it had entered into an agreement with Buru Energy Limited (ASX: BRU) to acquire an additional 15% stake in petroleum Exploration Permits EP457 and EP458 (the "Fitzroy Blocks") in the Canning Superbasin, Western Australia. Rey now holds a 25% interest in the Fitzroy Blocks, 10% being free carried, with the Operator, Buru Energy Limited, holding 37.5%.

At balance date the Company ultimately holds 20.51% of the share capital of Rey.

ASF Resources Limited
Following the $16 million subscription by Longluck for new shares of ASFR in the previous financial year, ASFR became owned 48.95% by the Company, 45% by Longluck and 6.05% by Yongbin International Holdings Limited ("**Yongbin**").

In the second half-year, ASFR engaged in an active drilling program for coal on its Canning Basin tenements which are adjacent to the tenements held by Rey on which Rey has established the Duchess-Paradise thermal coal project. From the exploration program to date ASFR has not established coal resources and recognises that the tenements have not yet been fully investigated. A review of the tenements and available data are being made before refining further exploration programs as part of an overall review of ASFR's strategy.

In accordance with the Shareholders Deed between ASFR and its shareholders, the Company was obligated to implement a demerger prior to 31 December 2012 by distributing at least 80% of the shares it held in ASFR to the Company's shareholders and seek listing of ASFR on the ASX. During the first half-year the Company actively worked on preparations for the demerger. However, the Company was concerned about the poor condition of the IPO market and did not want to implement the demerger unless it could be confident that a successful IPO and ASX listing would immediately follow on from the demerger. If the demerger but not the listing had been completed, the Company would have lost the value of ASFR shares distributed and the Company's shareholders would have held unlisted ASFR shares, an illiquid asset..

On 24 December 2012 the Board of ASFR approved the extension of the deadline for the demerger by 6 months to 30 June 2013. The Company continued with work on the demerger in accordance with its obligations under the Shareholders Deed but in the second half-year the parties commenced discussions on an alternative strategy for ASFR.

On 3 June 2013, after comprehensive negotiations, ASF, Longluck and ASFR entered into a Share Buy-back Deed whereby ASFR would acquire and cancel the shares of ASFR held by Longluck for the sum of $5.5 million as consideration, the price being based primarily upon book values prevailing at the transaction date. The underlying assets of ASFR were subsequently impaired to a value materially below the transaction date book value. The buy-back was completed on 21 June 2013 and the Shareholders Deed and the Company's obligations pursuant to the Deed came to an end. An impairment loss of investment in ASFR of $15 million was incurred on consolidation.

At balance date ASFR was owned ultimately 89% by the Company and 11% by Yongbin.

ASF Kaili Resource Pty Ltd
The Company owns ultimately 20% of the share capital of ASF Kali Resource Pty Ltd ("**ASFK**"). ASFK holds two tenements in the Canning Basin, which have low level potential for the discovery of coal and other minerals.

A minor exploration program was carried out during the year under review. ASFK intends to acquire additional tenements and the Company may consider a demerger of its interest in ASFK at some future date.

An impairment of investment in ASFK of $1.4 million was made as at 30 June 2013.

China Coal Resources Pty Ltd

The Company holds ultimately a 25% interest in the share capital of China Coal Resources ("CCR") which, in turn, holds two Exploration Permits and one Application for coal in Queensland, two exploration licences in Tasmania and one tenement in Western Australia.

The Company's investment in CCR was impaired by $669,000 but there was no impact on the net asset value of CCR.

ASF Resources (WA) Pty Limited
The Company owns 100% of the share capital of ASF Resources (WA) Pty Ltd which in turn holds two tenements which are considered to be prospective for coal in the Canning Basin.

Operating Businesses

Property

ASF Properties Pty Ltd is 100% owned by the Company and continues to provide property and marketing services to investors in China.

In order to strengthen and extend our network in China the Company, during the year under review entered into a strategic partnering agreement with China Real Estate Association (the "**CREA**"), which is a peak association authorized by the Ministry of Construction of China and has a large network and significant influence in the Chinese real estate sector. The Company also anticipates forming a, long-term, and strategic cooperative 'partnership' with 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. E-house is listed on the New York Stock Exchange and their clients include leading domestic and international real estate developers.

The Company believes that these strategic 'partnerships' will improve the ongoing sales of Australian property projects within China and also should enhance the position of the Company in promoting investment and trade between Australia and China in particular in the property sector.

ASF China Property Fund Pty Ltd, a wholly owned subsidiary of the Company, together with its strategic partners in China has been shortlisted by the Queensland Government and Gold Coast City Council for the development of a large integrated tourism project which could include a cruise ship terminal, casino, hotel, marina,and retail at Broadwater ("**The Broadwater Marine Project**"). The detailed proposal is expected to be submitted in October 2013.

Fund Management and Advisory Services

In January 2013, the Company acquired the remaining 25% shareholding interest in ASF Balmoral Pty Ltd which it did not already hold and changed the name to ASF Capital Pty Ltd ("**ASF Capital**").

ASF Capital has continued its activities as a boutique investment banking firm specialising in M&A and corporate advisory services to selective clients and also with the distribution of selected offshore and onshore Funds to the wholesale investor market in Australia, including superannuation funds, industry funds, family offices, and charitable trusts.

During the year, ASF Capital applied for a modification to its Australian Financial Service Licence ("**AFSL**") and was granted a substantially expanded AFSL on 7 May 2013.

The new AFSL permits ASF Capital to undertake a wide range of activities within the Funds Management market sector.

The AFSL permits ASF Capital to:

- *Provide financial product advice with regard to:*
  - (i) Government debentures, stocks or bonds.
  - (ii) Interests in managed investment schemes, excluding IDPS.
  - (iii) Securities.

  This enables ASF Capital to give advice to wholesale clients about investments in Australian government debentures, stocks or bonds, to promote interests in any future unregistered scheme and securities.

- *Dealing authorisations*

  ASF Capital may deal in interests in managed investment schemes by the issue interests in the managed investment schemes; acquire or dispose of interests in; and to arrange for clients to acquire or dispose of interests in its unregistered schemes.

- *Securities (issue and apply for):*

  As the AFSL holder ASF Capital may issue securities in investment companies established to facilitate specialised structuring requirements, acquire or dispose of securities in connection with the operation of its unregistered schemes; and to arrange for clients to acquire or dispose of securities.

- *Derivatives (issue and apply for):*

  The intent here is for ASF Capital assist with the funding with respect to the acquisition of assets for the schemes it operates.

- *Foreign exchange contracts (issue and apply for)*

Given the underlying associations and principle of the ASF Group the aim would be where appropriate to hedge against currency fluctuations on either foreign debt facilities it obtains to help fund the acquisition of assets for the schemes it operates or on income it receives from off-shore assets.

- *Government debentures, stocks or bonds (apply for)*

  This enables ASF Capital to acquire or dispose of government debentures, stocks or bonds in connection with the operation of its unregistered schemes or to arrange for its clients to acquire these products directly.

- *Custodial or depository services*

  ASF Capital has the ability to provide a custodial or depository service as an operator of unregistered schemes. ASF Capital will either hold the financial products or the beneficial interests in the financial products on behalf of members of its schemes.

In May 2013 ASF Capital formed an investment fund known as The ASF Capital Investment Fund which is designed to provide Chinese entrepreneurs and other high net worth individuals who are interested in participating in the recently introduced Significant Investor Visa (SIV) programme announced by the Australian Government. The Fund will seek to make direct and indirect investments in infrastructure and real estate in Australia and in other assets permitted under the Significant Investor Visa programme.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

	Note	30 June 2013 $	30 June 2012 $
Revenue from continuing operations	2	**1,681,818**	1,653,349
Other income	3	**66,441**	342,530
Cost of sales	4	**(168,231)**	(564,855)
Marketing expenses		**(402,599)**	(228,100)
Consultants expenses		**(1,346,327)**	(1,288,146)
Occupancy expenses	4	**(483,328)**	(354,105)
Professional fees		**(492,927)**	(166,347)
Administration expenses		**(471,271)**	(422,477)
Employment expenses		**(1,341,821)**	(934,712)
Corporate expenses		**(104,558)**	(90,951)
Depreciation and amortisation expense	4	**(46,472)**	(38,489)
Legal expenses		**(537,382)**	(94,154)
Finance income/(costs)	4	**(1,036,698)**	21,347
Impairment of goodwill	4	**-**	(141,792)
Impairment of available for sale financial assets	4	**-**	(657,491)
Impairment of exploration expenditure	4	**(20,475)**	-
Other expenses		**(81,195)**	(9,669)
Loss on disposal of fixed assets		**(1,054)**	-
Gain on loss of control over subsidiaries		**298,087**	24,535,698
Share of net (loss) of associate		**(2,834,772)**	(173,076)
Impairment of investment in associates	4	**(23,436,226)**	-
(Loss)/Profit before income tax		**(30,758,990)**	21,388,560
Income tax expense		**219,214**	(219,214)
(Loss)/Profit for the year		**(30,539,776)**	21,169,346
(Loss)/Profit is attributable to:			
Members of the parent entity		**(30,505,916)**	21,243,999
Non-controlling interest		**(33,860)**	(74,653)
		(30,539,776)	21,169,346
Other Comprehensive Income/(Expense)			
Exchange differences on translation of foreign currency		**270,737**	153,518
Change in fair value of available-for-sale financial assets		**1,372,944**	(1,372,944)
Other Comprehensive Income/(Expense) for the year		**1,643,681**	(1,219,426)
Total Comprehensive (Loss)/Profit for the year		**(28,896,095)**	19,949,920
Total comprehensive (loss)/profit for the year is attributable to:			
Members of the parent entity		**(28,862,235)**	20,024,573
Non-controlling interest		**(33,860)**	(74,653)
		(28,896,095)	19,949,920
Earnings per share for (loss)/profit attribute to the ordinary equity holders of the Company:			
Basic (cents per share)	17	**(9.82)**	6.88
Diluted (cents per share)	17	**(9.82)**	6.88

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	30 June 2013 $	30 June 2012 $
ASSETS			
Current assets			
Cash and cash equivalents		**2,410,257**	7,103,469
Trade and other receivables		**236,558**	755,678
Held-for-distribution investment		**-**	14,015,555
Other current assets		**86,797**	87,464
Total current assets		**2,733,612**	21,962,166
Non-current assets			
Other receivables		**197,545**	159,616
Plant and equipment	6	**115,120**	128,028
Investments in associates	7	**8,468,075**	5,974,127
Available-for-sale financial asset	8	**-**	2,296,505
Held-for-distribution investment	9	**-**	14,015,555
Mining tenements and exploration	10	**1,360,093**	657,272
Total non-current assets		**10,140,833**	9,215,548
Total assets		**12,874,445**	31,177,714
LIABILITIES			
Current liabilities			
Trade and other payables		**1,910,549**	1,745,715
Borrowing		**9,775,931**	-
Provisions		**28,836**	13,480
Total current liabilities		**11,715,316**	1,759,195
Non-current liabilities			
Deferred tax liabilities			
Total non-current liabilities		**-**	219,214
Total liabilities		**11,715,316**	1,978,409
Net assets		**1,159,129**	29,199,305
EQUITY			
Contributed equity		**55,282,933**	54,583,282
Reserve-transactions with NCI		**1,782,443**	2,006,441
FE Reserve		**334,922**	64,186
Share Based Payment Reserve		**2,235,261**	2,235,261
Revaluation Reserve		**-**	(1,372,944)
Accumulated losses	11	**(58,701,419)**	(28,195,504)
Capital and reserves attributable to members of the parent entity		**934,141**	29,320,722
Non-controlling interest	12	**224,989**	(121,417)
Total equity		**1,159,129**	29,199,305

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Note	Contributed equity $	Reserves $	Retained losses $	Total $	Non-controlling interest $	Total equity $
Balance at 1 July 2011		**54,258,787**	**4,152,370**	**(49,439,503)**	**8,971,654**	**(303,832)**	**8,667,822**
Profit for the year		-	-	21,243,999	21,243,999	(74,653)	21,169,346
Exchange differences on translation of foreign currency		-	153,518	-	153,518	-	153,518
Fair value change in available-for-sale financial assets		-	(1,372,944)	-	(1,372,944)	-	(1,372,944)
Total comprehensive profit for the year		**-**	**(1,219,426)**	**21,243,999**	**20,024,573**	**(74,653)**	**19,949,920**
Transaction with owners in their capacity as owners:							
Contributions of equity, net of transaction costs		1,880,000	-	-	1,880,000	-	1,880,000
Share buy-back		(1,555,505)	-	-	(1,555,505)		(1,555,505)
Non-controlling interest		-	-	-	-	257,068	257,068
		324,495	-	-	324,495	257,068	581,563
Balance at 30 June 2012		**54,583,282**	**2,932,944**	**(28,195,504)**	**29,320,722**	**(121,417)**	**29,199,305**
Balance at 1 July 2012		**54,583,282**	**2,932,944**	**(28,195,504)**	**29,320,722**	**(121,417)**	**29,199,305**
(Loss) for the year		-	-	(30,505,916)	(30,505,916)	(33,860)	(30,539,776)
Exchange differences on translation of foreign currency		-	270,737	-	270,737	-	270,737
Available-for-sale financial assets reserve	11(a)	-	1,372,944	-	1,372,944	-	1,372,944
Total comprehensive (Loss) for the year		**-**	**1,643,681**	**(30,505,916)**	**(28,862,235)**	**(33,860)**	**(28,896,095)**
Transaction with owners in their capacity as owners:							
Contributions of equity, net of transaction costs		1,045,000	-	-	1,045,000	-	1,045,000
Share buy-back		(345,350)	-	-	(345,350)	-	(345,350)
Reserve-transactions with NCI	11(a)	-	(223,998)	-	(223,998)	-	(223,998)
Non-controlling interest		-	-	-	-	380,266	380,266
		699,650	(223,998)	-	475,652	380,266	855,918
Balance at 30 June 2013		**55,282,932**	**4,352,627**	**(58,701,420)**	**934,139**	**224,989**	**1,159,128**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2013

	Note	30 June 2013 $	30 June 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**1,947,756**	1,646,727
Payments to suppliers and employees		**(5,546,560)**	(5,258,185)
Interest received		**65,960**	341,562
Net cash (outflow) from operating activities	13	**(3,532,844)**	(3,269,896)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		**(151,420)**	(578,347)
Payment for PP&E		**(27,474)**	(55,079)
Investment in associates		**(12,751,110)**	-
Investment in available-for-sale financial asset		**-**	(3,669,449)
Investment in subsidiaries		**(75,000)**	234
Proceeds for disposal of subsidiary		**600,000**	4,628,188
Proceeds from acquisition of assets		**1,403,380**	-
Loan to related parties		**-**	(311,069)
Repayment of loans from related parties		**124,800**	4,982,892
Net cash (outflow) inflow from investing activities		**(10,876,824)**	4,997,370
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**9,000,000**	-
Repayment of borrowings		**-**	(1,000,000)
Proceeds from share issue		**1,045,000**	1,870,723
Payment for share buyback		**(345,350)**	(1,546,227)
Net cash inflow (outflow) from financing activities		**9,699,650**	(675,504)
Net (decrease)/increase in cash held		**(4,710,018)**	1,051,970
Cash and cash equivalents at the beginning of the financial year		**7,103,469**	5,888,769
Effect of exchange rate changes on cash and cash equivalents		**16,806**	162,730
Cash and cash equivalents at the end of the year		**2,410,257**	7,103,469

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

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of ASF Group Limited and its subsidiaries.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

For the year ended 30 June 2013, the consolidated entity incurred a loss after income tax of $30,505,916 and had net assets of $1,159,129 at balance date compared with $29,199,305 at 30 June 2012. Net current liabilities at balance date was $8,981,704.

The mineral exploration industry faced adverse market conditions throughout the year. This factor impacted materially on the traded prices of securities of listed exploration companies and on the carrying values of exploration assets on the Group's consolidated balance sheet, and contributed to impairments referred to in this report.

The Directors acknowledge that material uncertainty exists concerning its status as a going concern but the Directors believe the consolidated entity has sufficient funds to settle its debts as and when they become due and payable. Consequently, the Directors have prepared the financial statements on the basis that the Group is a going concern noting, in particular, the following:

(a) The Directors are confident that the Group will be able to raise additional cash in future to fund its activities. The Group has a good track record at raising equity. On the date of this report the Board approved the Company entering into a subscription agreement with a professional investor to raise $3.0 million by the placement of the Company's shares and received approximately $858,000 as the first tranche subscription.

(b) The Company and Star Diamond Developments Limited entered into an amending deed effective on 20 August 2013 for the Convertible Loan such that the loan maturity date of the loan has been extended to 30 September 2014 thereby offsetting the net current liability position which was present at 30 June 2013. The Directors also consider that under the existing terms of the Convertible Loan, the Company in its sole election can satisfy the repayment of the loan and accrued interest by a placement of shares of the Company and/or of its associates.

(c) The Company anticipates that an increase in transactional inflows are likely in the current financial year but the Directors recognise the speculative nature of these transactional opportunities and accordingly are not placing undue reliance upon a material increase in the occurrence of such inflows.

(d) The Company also anticipates improve operating revenues in the current year but in the event that this does not materialise the Company would reduce its overhead costs.

The Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements at 30 June 2013. Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Refer also to Note 19 of this report.

Compliance with IFRS
The consolidated financial statements of the ASF Group Limited group and the separate financial statements of ASF Group Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates
The preparation of 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.

2 REVENUE

	2013 $	2012 $
Revenue from continuing operations		
- Commission revenue	**347,738**	836,734
- Corporate services	**1,130,251**	811,615

- Fund management and advisory service	**203,829**	5,000
	1,681,818	1,653,349

3 OTHER INCOME

	2013 $	2012 $
Interest received	**65,960**	341,563
Others	**481**	967
	66,441	342,530

The comparative for gain on loss of control of subsidariay has been restated and disclosed as a separate line item on the face of the income statement.

4 EXPENSES

	2013 $	2012 $
(Loss)/Profit before income tax includes the following specific expenses:		
Cost of sales	**168,231**	564,855
Occupancy expenses	**483,328**	354,105
Depreciation expense	**46,472**	38,489
Finance costs/(income)	**1,036,698**	(21,347)
Impairment of goodwill	**-**	141,792
Impairment of available for sale financial assets	**-**	657,491
Impairment of investment in associates	**23,436,226**	-
Impairment of exploration expenditure	**20,475**	-

5 SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the reports received by the Board that are used to make strategic decisions. The Board considers the business from both a business and geographic perspective.

(b) Segment information – operating segments

The segment information provided to the Board for the year ended 30 June 2013 is as follows:

30 June 2013	**Property marketing and services**	**Mineral and resources**	**Resources trading**	**Corporate services**	**Fund management and advisory services**	**Total**
	$	$	$	$	$	$
Segment revenue						
Sales	347,738	-	-	1,130,251	203,829	1,681,818
Other income	59	1,047	54	64,894	387	66,441
Total segment revenue	347,797	1,047	54	1,195,145	204,216	1,748,259
Gain on loss of control over subsidiary	-	298,087	-	-	-	298,087
Impairment of investment in associate	-	(14,872,476)	-	-	-	(14,872,476)
Share of loss from associate	-	(2,834,772)	-	-	-	(2,834,772)
Segment result	(209,774)	(23,485,344)	(117,885)	(6,726,078)	(696)	(30,539,777)
Segment assets	149,785	10,821,565	65,785	1,604,403	235,811	12,874,445
Segment liabilities	33,402	254,782	22,366	11,386,933	17,833	11,715,316
30 June 2012						
Segment revenue						
Sales	836,734	-	-	811,615	5,000	1,653,349
Other income	41	1,177	69	339,353	1,890	342,530
Total segment revenue	836,775	1,177	69	1,150,968	6,890	1,995,879
Gain on loss of control over subsidiaries	-	-	-	24,535,698	-	24,535,698
Share of loss from associate	-	(173,076)	-	-	-	(173,076)
Segment result	44,631	24,629,941	11,694	(3,278,234)	(238,687)	21,169,346
Segment assets	203,572	2,584,897	851,298	27,488,852	49,095	31,177,714
Segment liabilities	70,071	2,865	-	1,864,055	41,418	1,978,409

(c) Segment information – geographical segments

	Segment revenues from sales to external customers		Segment assets	
	2013	2012	**2013**	2012
	$	$	**$**	$
Australia	1,007,844	1,163,681	12,363,654	28,742,043
China	673,974	489,668	510,791	2,435,671
TOTAL	1,681,818	1,653,349	12,874,445	31,177,714

(d) Other segment information

Revenue for property marketing and services represents commission income received from the sale of properties owned by customers in Australia.

Revenue for corporate services mainly represents corporate fees charged to other subsidiaries. The corporate fees were based on the estimation of time spent and works undertaken by the management of the Group.

The revenue from external parties reported to the Board is measured in a manner consistent with that in the income statement. Revenues from external customers are derived from property marketing and services, provision of corporate advisory services and fund management and advisory services.

6 NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	Plant & Equipment	Leasehold Improvements	Motor Vehicles	TOTAL
	$	$	$	$
At 1 July 2011				
Cost	89,407	134,632	54,545	278,584
Accumulated depreciation	(47,526)	(114,010)	(1,345)	(162,881)
Net book amount	41,881	20,622	53,200	115,703
Year ended 30 June 2012				
Opening net book amount	41,881	20,622	53,200	115,703
Deconsolidation of subsidiary	(5,053)	-	-	(5,053)
Additions	55,079	-	-	55,079
Disposals	-	-	-	-
Depreciation charge	(20,448)	(7,567)	(10,640)	(38,655)
Exchange difference	547	407	-	954
Closing net book amount	72,006	13,462	42,560	128,028
At 30 June 2012				
Cost	135,354	135,116	54,545	325,015
Accumulated depreciation	(63,348)	(121,654)	(11,985)	(196,987)
Net book amount	72,006	13,462	42,560	128,028
Year ended 30 June 2013				
Opening net book amount	72,006	13,462	42,560	128,028
Reconsolidation of subsidiary	6,911	-	-	6,911
Additions	15,654	11,820	-	27,474
Disposals	(1,108)	-	-	(1,108)
Depreciation charge	(31,603)	(8,420)	(8,512)	(48,535)
Exchange difference	1,669	681	-	2,350
Closing net book amount	63,529	17,543	34,048	115,120
At 30 June 2013				
Cost	164,918	148,161	54,545	367,624
Accumulated depreciation	(101,389)	(130,618)	(20,497)	(252,504)
Net book amount	63,529	17,543	34,048	115,120

7 NON-CURRENT ASSETS – INVESTMENT IN ASSOCIATES

	2013 **$**	2012 $
China Coal Resources Pty Ltd	**502,778**	1,223,413
ASF Resources Ltd	**-**	3,213,663
Kaili International Resource Ltd	**-**	1,537,051
Rey Resources Limited	**5,980,000**	-
ActivEX Limited	**1,985,297**	-
	8,468,075	5,974,127

In July 2012, China Coal Geology Engineering Corporation ("CCGEC") increased in stakes in China Coal Resources Pty Ltd ("CCR") by subscribing 800,000 new ordinary shares representing 20% of the enlarged issued capital of CCR for $600,000 and, as a consequence, CCGEC is now holding 75% interest in CCR.

In June 2013, the Company entered into a Share Buy-back Deed with Longluck and ASFR" whereby ASFR would acquire and cancel the shares of ASFR held by Longluck for the sum of $5.5 million as consideration. The buy-back was completed on 21 June 2013 and the Shareholders Deed and the Company's obligations pursuant to it came to an end. At balance date ASFR was owned ultimately 89% by the Company.

In June 2012, the Company entered into two subscription agreements with Rey Resources Limited ("Rey") for the subscriptions of 115 million shares in the capital of Rey by two tranches at $0.12 per share. The first subscription of 25 million shares occurred on 18 June 2012 while the second subscription of 90 million shares were allotted on 11 September 2012 upon approval by Rey's shareholders at its general meeting held on 6 September 2012. The Company now holds an interest of approximately 20.51% in the issued capital of Rey.

ASF Gold and Copper Pty Ltd ("ASFGC"), a wholly owned subsidiary of the Company, acquired through two private placements an equity interest of 19.9% in ActivEX Limited ("AIV") during 2012. On 13 May 2013 ASFGC announced an on-market takeover bid for AIV which closed on 28 June 2013 at which time ASFGC's holding reached 42.75% of the issued share capital of AIV.

As the Company has nominated two directors to the board of both Rey and AIV, the Company is regarded as having significant influence over these companies under the Australian Accounting Standards. The investments in Rey and AIV were accordingly reclassified as associates of the Company and equity accounted.

8 NON-CURRENT ASSETS – AVAILABLE-FOR-SALE FINANCIAL ASSET

	2013 **$**	2012 $
Investment in ActivEX Limited	**-**	421,505
Investment in Rey Resources Limited	**-**	1,875,000
	-	2,296,505

Rey and AIV were reclassified as associates during the year. Refer to note 7 above.

9 NON-CURRENT ASSETS – INVESTMENT HELD FOR DISTRIBUTION

	2013 **$**	2012 $
Investment held for distribution	**-**	14,015,555

Upon completion of buy-back of 45% interest in ASFR held by Longluck, the Company is no longer required under the Shareholder Deed to demerge ASFR by way of *in specie* distribution. Refer to note 7 above.

10 NON-CURRENT ASSETS – MINING TENEMENTS AND EXPLORATION

	2013 **$**	2012 $
Exploration and development costs	**1,360,093**	657,272

11 RESERVES AND ACCUMULATED LOSSES

(a) Reserves

	2013 $	2012 $
Share based payments	**2,235,261**	2,235,261
Foreign currency translation	**334,922**	64,186
Transactions with non-controlling interests	**1,782,443**	2,006,441
Revaluation reserve	**-**	(1,372,944)
	4,352,626	2,932,944

Movements:	2013 $	2012 $
Share-based payments		
Balance 1 July	**2,235,261**	2,235,261
Balance 30 June	**2,235,261**	2,235,261
Foreign currency translation		
Balance 1 July	**64,186**	(89,332)
Exchange differences on translation of foreign currency	**270,736**	153,518
Balance 30 June	**334,922**	64,186
Transactions with non-controlling interests		
Balance 1 July	**2,006,441**	2,006,441
Acquisition of shares in subsidiary from non-controlling interests	**(223,998)**	-
Balance 30 June	**1,782,443**	2,006,441
Revaluation reserve		
Balance 1 July	**(1,372,944)**	-
Reclassification of adjustments		
Transfer to profit or loss	**1,372,944**	(1,372,944)
Balance 30 June	**-**	(1,372,944)

(b) Accumulated losses

	2013 $	2012 $
Balance 1 July	**(28,195,504)**	(49,439,503)
Net (loss)/profit for the year	**(30,505,915)**	21,243,999
Balance 30 June	**(58,701,419)**	(28,195,504)

12 NON-CONTROLLING INTERESTS

	2013 $	2012 $
Interest in:		
Share capital	**-**	-
Retained earnings	**224,989**	(121,417)
	224,989	(121,417)

13 ACQUISITION OF ASSETS

As a result of the share buy-back referred to note 7, the Group acquired control of ASFR as well as the following assets and liabilities of ASFR:

	$
Fair value of investment in ASF Resources	1,871,168

The assets and liabilities recognised as a result of the acquisition are as follows:	Fair value $
Cash and cash equivalents	1,501,960
Other receivables (GST paid)	18,461
Plant and equipment (net of depreciation)	5,915
Other financial assets (guarantee)	48,000
Other non-current assets (exploration and development costs)	780,000
Trade creditors	(216,068)
Accruals	(12,743)
Superannuation	(5,531)
Provision – Annual Leave	(9,862)
PAYG Withholding Payable	(7,696)
	2,102,436
Less: non-controlling interest	(231,268)
	1,871,168

14 RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 $	2012 $
(Loss)/Profit for the year	**(30,505,916)**	21,243,999
Gain on loss of control over subsidiaries	**(298,087)**	(24,535,698)
Impairment of goodwill	**-**	141,792
Impairment of available for sale financial assets	**-**	657,491
Impairment of investment in associates	**23,436,226**	-
Impairment of exploration expenditure	**20,475**	-
Loss on disposal of plant and equipment	**1,054**	-
Depreciation and amortisation	**46,472**	38,489
Share of loss of associates	**2,834,772**	173,076
Income tax expenses	**(219,214)**	219,214
Change in operating assets and liabilities		
Decrease/(Increase) in receivables	**129,060**	52,085
(Decrease)/Increase in payables	**(9,900)**	(1,214,489)
Net exchange differences	**1,032,215**	(45,855)
Net cash (outflow) from operating activities	**(3,532,844)**	(3,269,896)

15 NTA BACKING

	2013 $	2012 $
Net tangible asset backing per ordinary security (per share)	**0.004**	0.094

16 EVENTS OCCURRING AFTER THE REPORT PERIOD

The maturity date of the convertible loans granted by Star Diamond Developments Limited has been extended to 30 September 2014; and

The Company signed a Subscription Agreement to raise new capital of $3.0 million by the placement of 13,636,364 fully paid ordinary shares of the Company to a professional investor at an issue price of $0.22 per share.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

17 EARNINGS PER SHARE

	2013 Cents	2012 Cents
Basic (loss)/earning per share	**(9.82)**	6.88
Diluted (loss)/earning per share	**(9.82)**	6.88

Reconciliations of earnings used in calculating earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:-

	2013 $	2012 $
Earnings (i)	**(30,505,916)**	21,243,999
Weighted average number of ordinary shares	**310,552,466**	308,848,130

(i) Earnings used in the calculation of basic and diluted earnings per share are net loss after tax attributable to the ordinary equity holders of the Company as per the income statement.

(ii) At balance sheet date there were no potential shares and therefore no dilutive shares.

18 DIVIDEND

The Company intends to implement a dividend policy of distributing after tax profits as dividends when the Company achieves sustained profitability.

19 AUDIT OF ACCOUNTS

This report is based on accounts that are in the process of being audited. The 30 June 2013 financial report, when audited, is likely to contain an independent auditor's report which includes an emphasis of matter paragraph in regards to the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Additional disclosure has been included in Note 1 to the financial statements in this report.

Min Yang
Chairman
30 August 2013