

1. Company details

Name of entity:	ASF Group Limited
ABN:	50 008 924 570
Reporting period:	For the half-year ended 31 December 2013
Previous period:	For the half-year ended 31 December 2012

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	1.8% to	499
Profit from ordinary activities after tax attributable to the owners of ASF Group Limited	up	150.8% to	987
Profit for the half-year attributable to the owners of ASF Group Limited	up	150.8% to	987

Dividends

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

Comments

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$987,000 (31 December 2012: loss of \$1,942,000).

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>3.98</u>	<u>9.10</u>

4. Control gained over entities

On 19 December 2013, the consolidated entity acquired 68.20% of the ordinary shares of Civil & Mining Resources Pty Ltd.

5. Loss of control over entities

Not applicable.

6. Dividends
Current period

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

Previous period

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

7. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

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

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
China Coal Resources Pty Ltd	25.00%	25.00%	(28)	(27)
Kaili International Resource Ltd	20.00%	20.00%	-	(27)
Rey Resources Limited	18.21%	22.74%	(136)	(320)
ActivEx Limited	24.71%	19.90%	(91)	(22)
ASF Resources Limited	-%	48.95%	-	(27)
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			(255)	(423)
Income tax on operating activities			-	-

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

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

11. Attachments

Details of attachments (if any):

The Interim Report of ASF Group Limited for the half-year ended 31 December 2013 is attached.

12. Signed

Signed  _____

Date: 28 February 2014

Min Yang
Chairman



ASF Group Limited

ABN 50 008 924 570

Interim Report - 31 December 2013

ASF Group Limited
Directors' report
31 December 2013

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of ASF Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2013.

Directors

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

Ms Min Yang - Chairman
Mr Nga Fong (Alex) Lao
Mr Quan (David) Fang
Mr Wai Sang Ho
Mr Geoff Baker
Mr Xin Zhang
Mr Yong Jiang
Mr Alan Humphris (retired 28 November 2013)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity was that of 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 resources, commodities trading and property sectors, alongside travel and financial services.

Review of operations

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$987,000 (31 December 2012: loss of \$1,942,000).

The profit was attributed to the reversal of impairment losses on investment in associates made in the prior year, amounting to \$5,696,000.

For the half-year ended 31 December 2013, consolidated revenue from operations was \$499,000 (2012: \$490,000). During the period, the consolidated entity lodged a tender proposal with the Queensland Government for the Broadwater Marine Project, where considerable abnormal expenditures were incurred for the preparation and submission of the tender. In February 2014, the Queensland government announced the selection of the proposal submitted by the consolidated entity on the Broadwater Marine Project.

Finance costs amounted to \$491,000 (2012: \$185,000), which mainly represented the accrued interest for the convertible loan due to Star Diamond Developments Limited ('Star Diamond') for the period.

ActivEX Limited ('AIV')

AIV is an ASX listed mineral exploration company holding a number of prospective tenements, principally targeting copper-gold and gold mineralisation in Queensland. AIV also holds a potash project in Western Australia, which has an established resource and a granted mining lease. During the half-year field activities continued with drilling in the Barambah Project, prospecting, geological mapping and geochemical surveys in the Cloncurry Fault and Bulonga Projects.

AIV has signed a Sale and Purchase Agreement with Newcrest Mining Limited to acquire 100% of EPM 14079, Coalstoun Lakes in the Esk Trough district, southeast Queensland and it formally withdrew from the option to acquire the Siviour Project, a graphite target on Eyre Peninsula, South Australia.

As a result of part of the conversion of the Star Diamond convertible loan, the consolidated entity transferred a total of 58,241,768 fully paid ordinary shares of AIV to the nominee of Star Diamond and the consolidated entity's interest in AIV was accordingly reduced to 24.71% as at the reporting date.

AIV completed a placement to a new sophisticated investor (Great Scheme Investments Limited) by issuing 25,000,000 new fully paid ordinary shares at an issue price of 2.0 cents per share, to raise gross proceeds of \$500,000. In addition, AIV issued 25,000,000 unlisted options to the investor to acquire shares, which will be exercisable by 17 October 2015 at an exercise price of 3.0 cents per share.

In early January 2014 AIV announced that the employment agreement of founding Managing Director Doug Young would not be renewed beyond 31 March 2014. A new Managing Director, Grant Thomas, has recently been appointed. AIV also announced a 1 for 2 non-renounceable entitlement offer of new shares in AIV to fund ongoing exploration activities which was closed on 14 February 2014 and a total of \$1,497,000 was raised from the offer.

For further information on AIV see <http://www.activex.com.au>

Rey Resources Limited ('Rey')

Rey is an ASX-listed resource exploration and development company with a large tenement holding in the Canning Basin, Western Australia for both Oil & Gas plus coal.

Rey holds an interest in 2 Oil & Gas Exploration Permits – EP 457 & EP 458 (the 'Fitzroy Blocks'), which are located in the highly prospective Canning Superbasin in the northwest of Western Australia. Ownership of the Fitzroy Blocks is: Rey (25% including 10% free carried to production); Buru Energy Limited (Buru) (37.5% and operator); and Diamond Resources (Fitzroy) Ltd (a subsidiary of Mitsubishi Corporation) (37.5%).

During the half-year, Buru as operator of the joint venture over the Fitzroy Blocks completed an aerial gravity gradiometry survey over the broader Fitzroy Trough of the Canning Basin, Western Australia including the Fitzroy Blocks and which hosts the interpreted extension of the prospective Ungani conventional oil trend.

A 2D seismic survey on the Ungani trend (Frome Rocks) was undertaken in November and December 2013 and comprised 234 line kilometres of data in EP457. Data is being processed in February 2014 for target selection in Q1, with an initial target expected to be drilled later in 2014.

Further a short exploration-drilling program was completed on Rey's coal exploration leases during the half-year. The highlight is drilling at an area called Mount Fenton prospect, where seven drill holes were completed. Five of the seven holes intersected coal with intersects ranging 1.47m to 3.18m thick. The holes have established the presence of a potentially significant coal occurrence at Mount Fenton.

Crystal Yield Investments Limited ('Crystal') became a cornerstone investor of Rey in October 2013 when 53,571,429 fully paid ordinary Rey shares were issued to Crystal in connection with conversion of a preliminary part payment of \$3 million as part of a proposed investment in the Duchess Paradise Project. That transaction did not proceed and the payment was converted to shares. A further 17 million shares were issued to Crystal at an issue price of \$0.08 per share to raise a further \$1.36 million to bring Crystal's holding in Rey's expanded capital base to 19.9%. Mr Jin Wei, a principal of Crystal, was appointed to the Rey Board as a non-executive director on 3 December, 2013. At the reporting date the consolidated entity held 18.21% of the issued share capital of Rey.

For further information on Rey visit: www.reyresources.com

Civil & Mining Resources Pty Ltd ('CMR')

In November 2013, the consolidated entity announced the acquisition of 68.20% equity interest in CMR for a cash consideration of \$1,079,000. The acquisition was completed on 19 December 2013. Pursuant to the agreement, the consolidated entity will also grant a convertible loan facility for up to \$5 million to CMR over 2 years, which will be converted into shares of CMR at the consolidated entity's option. If the consolidated entity does not elect to convert upon maturity, the said loan will be repayable together with interest of 10% per annum.

The CMR Board of Directors has been restructured where 2 existing directors continued, Nicholas Williams (Managing Director) and Stuart McKinnon. In addition three directors of the company, Min Yang, David Fang and Geoff Baker have joined the new CMR Board.

**ASF Group Limited
Directors' report
31 December 2013**

CMR is a coal exploration company incorporated in Queensland. The major assets of CMR now comprise 9 granted Exploration Permits for Coal in Queensland (EPCs); 12 EPC's proceeding to grant April 2014; 2 EPC's proceeding to grant May 2014; 2 EPC's proceeding to grant June 2014 and 1 competing application. Trading as CMR Coal it has a substantial coal tenement portfolio, with ~14,182km² located throughout all the major coal-bearing basins in Queensland and are situated in close proximity to operating mines, infrastructure and proven economic coal resources.

CMR is planning a drilling program over some of their more prospective tenements this year.

For further information on CMR visit: www.cmrcoal.com.au

Key Petroleum Limited ('Key')

In January 2014, the consolidated entity subscribed for a total of 19.9% new shares in Key at a price 1.3 cents per share by way of two placements. The total subscription amount was \$1,468,000 and the consolidated entity is now the single largest shareholder in Key.

Key is an ASX-listed oil and gas operating company focused on exploration in conventional and unconventional projects in the North Perth and Canning Basins in Western Australia. Acreage within the Canning Basin portfolio consists of a number of exciting development and exploration opportunities. The consolidated entity will work with Key's management to access new funding avenues both in Australia and Asia for its working capital requirements for the upcoming oil and gas projects in Western Australia.

Directors of the company Min Yang and Geoff Baker (as Min Yang's alternate) have joined the Board of Directors of Key.

For further information on Key visit: www.keypetroleum.com.au

ASF Resources Limited (Thermal Coal)

These projects are located 150km east of Derby in Western Australia within the northern Canning Basin. During 2013 the tenement package was rationalised with the relinquishment of E04/1886(Nipper Creek) and E04/1774. Ongoing review of the overall coal prospectively continued in 2013 with further drill testing envisaged in 2014.

ASF Kaili Pty Limited (Thermal Coal)

ASF Kaili comprises 2 tenements located in the northern Canning Basin adjacent and to the east of the Rey Resources Duchess Paradise thermal coal project. There was no field based exploration in 2013 and all prior exploration results we compiled and reviewed in relation to developing work programs in 2014.

ASF Resources (WA) Pty Limited (Thermal Coal)

Following a detailed review of the coal prospectively of MEDA(1) and MEDA(2) both of which are located in the northern Canning Basin of Western Australia both tenements were relinquished. GEOS Mining compiled all petroleum well data as well as surface seismic interpretation of possible sub surface thermal coal mineralisation and determined there was no significant coal layers at economically exploitable depths.

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

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

In Western Australia, CCR manage the Dongara Project located in the north Perth Basin 250km north of Perth. GEOS Mining has completed a prospectively review of the Dongara Project with several possible drill sites to test the sub surface thermal coal mineralisation. CCR are currently reviewing the GEOS Mining report with a view to follow up exploration in 2014.

In Tasmania, CCR manage two base metal projects located in north (Wilmont) and west (Lake Pieman) Tasmania. Both projects are currently being reviewed in light of recent encouraging field work with a view to further field work in the first half of 2014. Both Wilmont (June 2014) and Lake Pieman (July 2014) are due for renewal in 2014 and renewal documents will be lodged with Mines and Resources Tasmania ('MRT').

In Queensland CCR manage 2 EPCs at Nelgai Creek (EPC 2820) and Two Mile Creek (EPC 2821). GEOS Mining has completed a prospective review of the 2 licences and has recommended a two phase drilling program to explore for thermal coal. CCR is currently reviewing the proposal with a view to drill testing in 2014.

ASF Coal Pty Limited (Thermal Coal)

ASF coal has 4 licences in SE Queensland. EPC 1508(Leyburn) was reduced in size from 107 blocks to 33 blocks and an application for a 1 year renewal was lodged. Further exploration is planned for the remaining portion which will involve a full compilation of all historical drilling and possible drill testing of the eastern margin of the Walloon Coal Measures.

During the first half of 2014 ASF Coal had 3 licence applications granted EPCs 2110, 2094 and 1861 with EPC 1861 located in the world class coal region of the Bowen Basin.

Victory Coal Pty Limited (Thermal Coal)

Victory Coal has 1 licence located north of the Queensland town of Roma in the Surat Basin. The licence has been reduced by 6 blocks to a total of 26 blocks. Victory Coal is considering drill testing for thermal coal in the first half of 2014.

Basin Coal Pty Limited (Thermal Coal)

Basin Coal are focussed on coal exploration in Victoria and have a single exploration licence in the South Gippsland Region located east of Melbourne. A work program and budget have been submitted to the Victorian Mines Department for review ahead of planned field work in the first half of 2014.

ASF Metals Pty Limited (Base Metals)

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

ASF Properties Pty Ltd

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

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

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

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 Consortium Pty Ltd

In February 2014, the Queensland government announced the selection of the proposal submitted by ASF Consortium Pty Ltd (a wholly owned subsidiary of the company) and its strategic partners in China for the development in the Gold Coast of an integrated Marine Project at the Broadwater.

ASF Capital Pty Ltd

The past 6 months has been a period of consolidation for ASF Capital.

A number of substantial parties from China and Australia have been in confidential and preliminary discussions with the Board seeking to work with ASF Capital to capitalise the ASF Investment Trust and undertake other Australian funds management investment opportunities. This will enable the Funds Management aspect of the business to grow in accordance with the ASF philosophy of combine the ASF skills and resources in partnerships with other "like minded" organisations.

ASF Group Limited
Directors' report
31 December 2013

The company believes the opportunity to attract investment from Asia, and in particular China, provides not only an opportunity to attract investment but also expertise. In association with ASF Properties and its highly successful Partnering Program, the ASF Capital Funds Management activities have access to unique avenues of investment, resources and expertise.

One of these partnership arrangements (China Real Estate Association) provides ASF Capital with access to a China-wide non-profit professional organisation with 2,000+ businesses and institutions engaged in real estate development and operations, market transactions, brokerage, construction and property management.

While a second Chinese partner (E-house), which is listed on the New York Stock Exchange and ranked as the largest agency and consulting service in China, provides ASF Capital with outstanding potential access to further investment opportunities and a substantial network of offices. E-house provides access to sales agency services, online real estate services, real estate information and consulting services, real estate advertising services, real estate promotional event services, secondary real estate brokerage services and real estate investment fund management services.

Significant changes in the state of affairs

On 19 December 2013, the consolidated entity acquired Civil & Mining Resources Pty Ltd for consideration transferred of \$1,079,000.

During the financial period, the company raised approximately \$9 million of capital, of which \$3 million was from a private placement and \$6 million from a Rights Issue of shares.

As at the reporting date, the consolidated entity had outstanding convertible loan due to Star Diamond of \$3.3 million (inclusive of accrued interest), of which \$2.3 million has been settled by the issuing of new fully paid ordinary shares of the company in January 2014. As a result, the outstanding principal amount of the convertible loan has been reduced to \$1 million with no accrued interest owing.

During the period, the company spent \$58,000 on share buy-backs. The buy-back program is expected to expire in March 2014 and it is the company's present intention to extend the program for another year.

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

Rounding of amounts

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

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

On behalf of the directors



Min Yang
Chairman

28 February 2014
Sydney

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of ASF Group Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L M Worsley
Partner - Audit & Assurance

Sydney, 28 February 2014

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Contents

Statement of profit or loss and other comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12
Directors' declaration	19
Independent auditor's review report to the members of ASF Group Limited	20

General information

The financial report covers ASF Group Limited as a consolidated entity consisting of ASF Group Limited and the entities it controlled. The financial report is presented in Australian dollars, which is ASF Group Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

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 consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 28 February 2014. The directors have the power to amend and reissue the financial report.

ASF Group Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2013



	Note	Consolidated	
		31/12/2013 \$'000	31/12/2012 \$'000
Revenue	3	499	490
Other income	4	5,863	298
Expenses			
Commission and fee expenses		(93)	(83)
Consultancy expenses		(2,269)	(579)
Marketing expenses		(95)	(194)
Employee benefits expense		(778)	(640)
Depreciation and amortisation expense	5	(19)	(22)
Impairment of assets		(210)	-
Legal and professional fees		(672)	(314)
Corporate and administration expenses		(397)	(357)
Occupancy		(281)	(233)
Share of loss of associates		(255)	(423)
Other expenses		(6)	(4)
Finance costs	5	(491)	(185)
Profit/(loss) before income tax benefit		796	(2,246)
Income tax benefit		-	275
Profit/(loss) after income tax benefit for the half-year		796	(1,971)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of available-for-sale financial assets, net of tax		-	1,373
Foreign currency translation		(44)	(160)
Other comprehensive income for the half-year, net of tax		(44)	1,213
Total comprehensive income for the half-year		<u>752</u>	<u>(758)</u>
Profit/(loss) for the half-year is attributable to:			
Non-controlling interest		(191)	(29)
Owners of ASF Group Limited		987	(1,942)
		<u>796</u>	<u>(1,971)</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(191)	(29)
Owners of ASF Group Limited		943	(729)
		<u>752</u>	<u>(758)</u>
		Cents	Cents
Basic earnings per share	15	0.30	(0.63)
Diluted earnings per share	15	0.30	(0.63)

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

ASF Group Limited
Statement of financial position
As at 31 December 2013



	Note	Consolidated	
		31/12/2013 \$'000	30/06/2013 \$'000
Assets			
Current assets			
Cash and cash equivalents		5,202	2,410
Trade and other receivables		333	236
Other		208	87
Total current assets		<u>5,743</u>	<u>2,733</u>
Non-current assets			
Receivables		222	198
Investments accounted for using the equity method	6	13,036	8,468
Property, plant and equipment		115	115
Exploration and evaluation	7	3,624	1,360
Total non-current assets		<u>16,997</u>	<u>10,141</u>
Total assets		<u>22,740</u>	<u>12,874</u>
Liabilities			
Current liabilities			
Trade and other payables		803	1,910
Borrowings	8	3,301	9,776
Provisions		35	29
Total current liabilities		<u>4,139</u>	<u>11,715</u>
Non-current liabilities			
Borrowings	9	1,653	-
Total non-current liabilities		<u>1,653</u>	<u>-</u>
Total liabilities		<u>5,792</u>	<u>11,715</u>
Net assets		<u>16,948</u>	<u>1,159</u>
Equity			
Issued capital	10	70,657	55,283
Reserves	11	2,542	4,352
Accumulated losses		(57,714)	(58,701)
Equity attributable to the owners of ASF Group Limited		15,485	934
Non-controlling interest		1,463	225
Total equity		<u>16,948</u>	<u>1,159</u>

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

ASF Group Limited
Statement of changes in equity
For the half-year ended 31 December 2013

Consolidated	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2012	54,583	2,933	(28,196)	(121)	29,199
Loss after income tax benefit for the half-year	-	-	(1,942)	(29)	(1,971)
Other comprehensive income for the half-year, net of tax	-	1,213	-	-	1,213
Total comprehensive income for the half-year	-	1,213	(1,942)	(29)	(758)
<i>Transactions with owners in their capacity as owners:</i>					
Share buy-back	(223)	-	-	-	(223)
Balance at 31 December 2012	<u>54,360</u>	<u>4,146</u>	<u>(30,138)</u>	<u>(150)</u>	<u>28,218</u>

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2013	55,283	4,352	(58,701)	225	1,159
Profit/(loss) after income tax benefit for the half-year	-	-	987	(191)	796
Other comprehensive income for the half-year, net of tax	-	(44)	-	-	(44)
Total comprehensive income for the half-year	-	(44)	987	(191)	752
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 10)	13,197	-	-	-	13,197
Share buy-back	(58)	-	-	-	(58)
Change in non-controlling interests	-	469	-	1,429	1,898
Reserves reclassified to shares	2,235	(2,235)	-	-	-
Balance at 31 December 2013	<u>70,657</u>	<u>2,542</u>	<u>(57,714)</u>	<u>1,463</u>	<u>16,948</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 half-year ended 31 December 2013



	Note	Consolidated	
		31/12/2013 \$'000	31/12/2012 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		533	841
Payments to suppliers (inclusive of GST)		(4,900)	(2,719)
		(4,367)	(1,878)
Interest received		16	54
Net cash used in operating activities		(4,351)	(1,824)
Cash flows from investing activities			
Payments for property, plant and equipment		(10)	(14)
Payments for exploration expenditures		(117)	(117)
Payments for investment in listed company shares		-	(11,278)
Payments for purchase of Civil & Mining Resources Pty. Ltd, net of cash acquired		(929)	-
Proceeds from sale of business		-	600
Repayment of loans by related entities		-	80
Advance of loans		(351)	-
Net cash used in investing activities		(1,407)	(10,729)
Cash flows from financing activities			
Proceeds from borrowings		-	7,000
Proceeds from issue of shares	10	9,308	-
Payments for share buy-backs		(58)	(223)
Share issue transaction costs	10	(111)	-
Repayment of borrowings		(500)	-
Net cash from financing activities		8,639	6,777
Net increase/(decrease) in cash and cash equivalents		2,881	(5,776)
Cash and cash equivalents at the beginning of the financial half-year		2,410	7,103
Effects of exchange rate changes on cash and cash equivalents		(89)	(20)
Cash and cash equivalents at the end of the financial half-year		5,202	1,307

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2013 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New, revised or amending Accounting Standards and Interpretations adopted

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

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

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

The following Accounting Standards are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements

The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for the assets, liabilities, revenues and expenses in accordance with the standards applicable to the particular asset, liability, revenue or expense.

AASB 12 Disclosure of Interests in Other Entities

The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with interests in other entities: subsidiaries, joint arrangements (joint operations or joint ventures), associates and unconsolidated structured entities. It has significantly enhanced the disclosure requirements, when compared to the standards that have been replaced.

Note 1. Significant accounting policies (continued)

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard does not prescribe when to use fair value. Instead it provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standard

The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

The consolidated entity has applied AASB 2012-2 from 1 July 2013, which enhanced the disclosure requirements of AASB 7 'Financial Instruments: Disclosures' (and consequential amendments to AASB 132 'Financial Instruments: Presentation') to provide information about netting arrangements, including rights of set-off related to an entity's financial instruments and the effects of such rights on its statement of financial position.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

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

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments

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

Comparatives

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

Note 1. Significant accounting policies (continued)

Going concern

The consolidated entity made a profit after income tax of \$796,000 (2012: loss of \$1,971,000) and had net cash outflows from operating activities of \$4,351,000 (2012: \$1,824,000) for the financial half-year ended 31 December 2013. Excluding the reversal of impairment of equity accounted investments, the loss after income tax for the half-year ended 31 December 2013 was \$4,900,000.

The directors have considered the following, in their assessment of going concern:

- On 21 January 2014 Star Diamond Developments Limited converted loans and interest of \$2,314,000 into ordinary share of the company rather than receiving cash settlement;
- The company has been successful in raising capital via share placements during the financial half-year and is confident that further funds could be raised, if required; and
- Budgets for the 12 months from the date of issuance of these financial statements project that the consolidated entity will be able to pay its debts as and when due, however in the event that expected revenues and capital raisings do not materialise the consolidated entity would reduce its overhead costs appropriately.

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

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity'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 consolidated entity only operates in only one segment, being an investment and trading house. Comparative information has been restated in line with the current operating segment.

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

Note 3. Revenue

	Consolidated	
	31/12/2013	31/12/2012
	\$'000	\$'000
<i>Sales revenue</i>		
Commission revenue	163	163
Fund management and advisory service	-	48
Corporate services	287	225
	<u>450</u>	<u>436</u>
<i>Other revenue</i>		
Interest	16	54
Other revenue	33	-
	<u>49</u>	<u>54</u>
Revenue	<u><u>499</u></u>	<u><u>490</u></u>

Note 4. Other income

	Consolidated	
	31/12/2013	31/12/2012
	\$'000	\$'000
Net gain on disposal of investments	167	298
Reversal of impairment in equity accounted investments	5,696	-
	<u>5,863</u>	<u>298</u>

Refer to note 6 for details of reversal of impairment in equity accounted investments.

Note 5. Expenses

	Consolidated	
	31/12/2013	31/12/2012
	\$'000	\$'000
Profit/(loss) before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	3	3
Plant and equipment	13	16
Office equipment	3	3
	<u>19</u>	<u>22</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	491	185

Note 6. Non-current assets - investments accounted for using the equity method

	Consolidated	
	31/12/2013	30/06/2013
	\$'000	\$'000
China Coal Resources Pty Ltd	475	503
Rey Resources Limited	11,500	5,980
ActivEx Limited	1,061	1,985
	<u>13,036</u>	<u>8,468</u>

The increase in the carrying value of the investment in Rey Resources Limited was predominately due to the reversal of the impairment charge by \$5,696,000. Reporting date fair value was used as determination of the recoverable value, based on Rey Resources Limited's share price of \$0.10 per share as listed on the ASX as at 31 December 2013.

Note 7. Non-current assets - exploration and evaluation

	Consolidated	
	31/12/2013	30/06/2013
	\$'000	\$'000
Mining exploration and evaluation expenditures	<u>3,624</u>	<u>1,360</u>

Note 7. Non-current assets - exploration and evaluation (continued)

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

Note 8. Current liabilities - borrowings

	Consolidated	
	31/12/2013	30/06/2013
	\$'000	\$'000
Convertible notes payable	<u>3,301</u>	<u>9,776</u>

During the financial half-year the consolidated entity settled convertible notes totalling \$6,500,000 by way of the issuance of 36,363,636 ordinary shares in the company, its subsidiaries and the transfer of shares in equity accounted investments.

Note 9. Non-current liabilities - borrowings

	Consolidated	
	31/12/2013	30/06/2013
	\$'000	\$'000
Loan payable	<u>1,653</u>	<u>-</u>

The loan payable arises following the acquisition of CMR. Interest is payable at 5% per annum. The maturity date of the loan is 31 March 2015.

Note 10. Equity - issued capital

	Consolidated			
	31/12/2013	30/06/2013	31/12/2013	30/06/2013
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>426,048,608</u>	<u>295,824,532</u>	<u>70,657</u>	<u>55,283</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2013	295,824,532		55,283
Transfer from reserves	1 July 2013	17,467,645	\$0.13	2,235
Share placement	10 September 2013	10,545,222	\$0.22	2,320
Share placement	30 September 2013	3,091,142	\$0.22	680
Rights issue	19 December 2013	63,078,685	\$0.10	6,308
Star Diamond conversion	30 December 2013	36,363,636	\$0.11	4,000
	1 July - 31 December 2013	(322,254)	\$0.18	(58)
Share buy-back		<u>-</u>		<u>(111)</u>
Transaction cost				
Balance	31 December 2013	<u>426,048,608</u>		<u>70,657</u>

Share buy-back

During the period, the company spent \$58,000 on share buy-backs. The buy-back program is expected to expire in March 2014 and it is the company's present intention to extend the program for another year.

Note 11. Equity - reserves

	Consolidated	
	31/12/2013 \$'000	30/06/2013 \$'000
Foreign currency reserve	291	335
Share-based payments reserve	-	2,235
Non-controlling interests reserve	2,251	1,782
	<u>2,542</u>	<u>4,352</u>

Note 12. Equity - dividends

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

Note 13. Related party transactions

Parent entity

ASF Group Limited is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31/12/2013 \$	31/12/2012 \$
Payment for goods and services: Commissions on property sales to Sino Property Network Ltd, an entity in which Ms Min Yang has a beneficial interest	83,354	42,069
Payment for other expenses: Rent paid for head office to SPC Investments Pty Ltd, an entity in which Ms Min Yang has a beneficial interest	102,015	97,157

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 14. Events after the reporting period

On 21 January 2014 and 23 January 2014, the consolidated entity subscribed for a total of 112,918,070 shares representing 19.9% of the enlarged issued capital of Key Petroleum Limited ('Key') at a price of 1.3 cents per share. The total subscription amount was \$1,468,000 and the consolidated entity is now the single largest shareholder in Key.

On 21 January 2014, the consolidated entity announced that Star Diamond Developments Limited ('Star Diamond') had converted a total value of \$2,314,000 which represented the repayment of a principal amount of \$1,000,000 together with all outstanding accrued interest up to and including the date of conversion of \$1,314,000, into 21,040,091 fully paid ordinary shares of the company at a price of \$0.11 per share. As a result of this conversion, the outstanding principal amount of the convertible loan due to Star Diamond was reduced to \$1,000,000.

Note 14. Events after the reporting period (continued)

No other matter or circumstance has arisen since 31 December 2013 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 15. Earnings per share

	Consolidated	
	31/12/2013	31/12/2012
	\$'000	\$'000
Profit/(loss) after income tax	796	(1,971)
Non-controlling interest	191	29
Profit/(loss) after income tax attributable to the owners of ASF Group Limited	<u>987</u>	<u>(1,942)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>325,341,709</u>	<u>309,241,268</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>325,341,709</u>	<u>309,241,268</u>
	Cents	Cents
Basic earnings per share	0.30	(0.63)
Diluted earnings per share	0.30	(0.63)

**ASF Group Limited
Directors' declaration
31 December 2013**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Min Yang
Chairman

28 February 2014
Sydney

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

We have reviewed the accompanying half-year financial report of ASF Group Limited (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

Directors’ responsibility for the half-year financial report

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

Auditor’s responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the ASF Group Limited consolidated entity’s financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of ASF Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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


Conclusion

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding going concern

Without qualifying our opinion, we draw attention to the profit after income tax of \$796,000 recorded for the period, which is the result of a reversal of impairment of equity accounted investments of \$5,696,000 offsetting the operating loss of \$4,900,000, net cash outflows from operating activities for the period of \$4,351,000 and Note 1 to the financial report which indicates a number of uncertainties regarding the going concern assumption. The matters outlined in Note 1 indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the interim report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L M Worsley
Partner - Audit & Assurance

Sydney, 28 February 2014