

## 1. Company details

Name of entity:	ASF Group Limited
ABN:	50 008 924 570
Reporting period:	For the year ended 30 June 2019
Previous period:	For the year ended 30 June 2018

## 2. Results for announcement to the market

				<b>\$'000</b>
Revenues from ordinary activities	down	19.4% to		1,050
Loss from ordinary activities after tax attributable to the owners of ASF Group Limited	up	369.6% to		2,963
Loss for the year attributable to the owners of ASF Group Limited	up	369.6% to		2,963

### *Dividends*

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

### *Comments*

The loss for the Group after providing for income tax and non-controlling interest amounted to \$2,963,000 (30 June 2018:\$631,000).

Refer to the attached Operating and Financial Review for detailed commentary.

## 3. Net tangible assets

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	0.63	0.36

## 4. Details of associates and joint venture entities

<b>Name of associate / joint venture</b>	<b>Reporting entity's percentage holding</b>		<b>Contribution to profit/(loss) (where material)</b>	
	<b>Reporting period %</b>	<b>Previous period %</b>	<b>Reporting period \$'000</b>	<b>Previous period \$'000</b>
Rey Resources Limited	16.34%	16.31%	(1,452)	(171)
ActivEX Limited	19.62%	19.62%	(154)	(127)
Key Petroleum Limited	14.27%	16.41%	(46)	(223)
ASF Technologies Limited	23.57%	-	(48)	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Loss from ordinary activities before income tax			(1,700)	(521)

**5. Audit qualification or review**

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

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

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**6. Attachments**

*Details of attachments (if any):*

The Preliminary Financial Report of ASF Group Limited for the year ended 30 June 2019 is attached.

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**7. Signed**



Signed \_\_\_\_\_

Date: 30 August 2019

Min Yang  
Chairman

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The operating and financial review covers the operations of the consolidated entity (referred to hereafter as the 'Group') consisting of ASF Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

### **Financial results and commentary**

For the year ended 30 June 2019, the owners of ASF Group Limited ('the Company') and its controlled entities (the 'Group') recorded a consolidated loss after tax of \$2,963,000, compared with last year of \$631,000.

Revenue from continuing operations for the year was \$1,050,000 (2018: \$1,302,000). Sales and marketing of the Hope Island continued to provide revenue contribution to the Group. Commission revenue from the project amounted to \$319,000. In addition to the Hope Island project, the Group also provides development management services for another property development project - 'the Au, Surfers Paradise' on the Gold Coast, which is expected to generate further revenue for the Group in the upcoming years.

During the year, the Company realised its investment in ASF Technologies Ltd ("ASFT") by selling 27% of its interest in ASFT to Magic Goal Investments Limited ("MGI") for a cash consideration of \$2.7 million. Subsequently after the financial year-end, the Company further disposed of 13.57% interest in ASFT to MGI for another \$1.357 million.

The majority of the loss for the year was attributed to the following:

- Write off of tenement assets of \$568,000
- Impairment of listed investment of \$817,000;
- Share of losses of associates of \$1,700,000; and
- Interest expenses and other finance costs \$1,865,000.

### **Financial position**

In January 2019, the Company undertook a non-underwritten share purchase plan and a share placement which together raised a total of \$9,309,000. Upon completion of the capital raisings, the Company had, in March 2019, repaid the \$6 million convertible note issued to Oceanic Alliance Investments Limited together with accrued interest in full.

As of 30 June 2019, the Company has a total of \$20 million in convertible loan facilities ("CN") granted by Star Diamond Developments Limited of which \$15 million had been drawn down. The maturity date of the CN has been extended to 31 October 2020. Finance costs amounted to \$1,865,000 (2018: \$2,005,000) representing interest on the CN.

The Company's on-market share buyback program has been extended for a further 12 months from 5 June 2019. During the financial year, the Company bought back 810,605 shares for a cost of \$82,000.

Net assets at 30 June 2019 increased by 127% to \$8,061,000, as compared to \$3,542,000 last year.

The Group maintains a strong financial position with a cash balance of \$4,929,000 as at the balance sheet date.

### **Principal Investments**

#### **ActivEX Limited ("AIV")**

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

The Group holds 19.62% of the issued capital of AIV at a book value of \$1.4 million, compared with its market value of \$6.8 million as of 30 June 2019.

**Rey Resources Limited (“REY”)**

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

As at 30 June 2019, the Group holds 16.34% of the issued capital of REY at a book value of \$9.6 million, compared with its market value of \$10.7 million as at the balance sheet date.

**Key Petroleum Limited (“KEY”)**

KEY is an ASX listed Australian oil and gas operating company focused on exploration in conventional and unconventional projects in the North Perth and Canning Basins in Western Australia. Acreage within the Canning Basin portfolio consists of a number of exciting development and exploration opportunities.

As at 30 June 2019, the Group holds 14.27% of the issued capital of KEY with a market value of \$885,000.

**Kaili Resources Limited (“KLR”)**

KLR is a resources exploration company which holds tenements in QLD and Western Australia. The Group holds 2.2 million shares in KLR with a market value of \$79,000 as at 30 June 2019.

**Civil & Mining Resources Pty Ltd (“CMR”)**

CMR, trading as CMR Coal, is a privately owned company with a substantial coal tenement portfolio in Queensland. CMR’s tenements are 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. The major assets of CMR comprise of 11 Exploration Permits for Coal (EPCs), 1 Mineral Development Licence (MDL) and 2 Mining Lease Applications (MLAs) in Queensland.

CMR has successfully completed 48 boreholes on their key project Dawson West, with a total of 10,940m drilled, geophysical logged selectively cored, sampled and analysed, which has confirmed export quality thermal coal resources with seams of mineable thickness expected to extend into unexplored areas. CMR has defined a JORC<sup>2012</sup> code compliant resource, with a total of 852Mt (184Mt Indicated, 688Mt Inferred resource).

Following completion of the recent exploration program at Dawson West Project, CMR Coal lodged a bulk sample pit application which has now been approved, including the Environmental approval and a signed Cultural Heritage Management Plan with the traditional owners.

Based on the outcomes of the exploration, CMR Coal have completed highly detailed pre-feasibility studies and have developed plans for an underground thermal coal mine. The project has life of mine agreements in place for native title and land access as well as having strong support from local and state regulators, local communities, businesses and stakeholders. Mining and environmental approval processes have both commenced and both the EIS and engineering feasibility studies are under way.

As at 30 June 2019, the company together with its subsidiary, ASF Resources Limited, held 68.97% of the issued share capital of CMR.

**ASF Technologies Ltd (“ASFT”)**

On 3 October 2018, the Company announced that ASFT, the then wholly owned subsidiary incorporated in Hong Kong which has been developing the SYTECH technologies and is the holder of the Chinese Patent, entered into a Framework Agreement with Crystal Profit Ventures Limited (“CPV”) where subsequently on 23 November 2018, the Company announced that ASFT received a total of A\$4 million from CPV and issued 40% of the issued share capital of ASFT to CPV.

On 30 April 2019, the Company announced that it disposed of 27% interest in ASFT to Magic Goal Investments Limited (“MGI”) for a cash consideration of \$2.7 million. Immediately after the acquisition of this interest, MGI had subscribed for an additional \$4 million new shares then holding an interest of 47.86% in ASFT.

Subsequent to the financial year ended 30 June 2019, the Company announced on 16 July 2019 that it has further disposed of 13.57% interest in ASFT to MGI for a cash consideration of \$1,357,000. As a result, the Company’s interest in ASFT was reduced to 10% after completion of the aforesaid transactions.

### **Property Marketing and Services**

ASF Properties Pty Ltd (“ASFP”), a wholly-owned subsidiary of the Company, continues to provide international property and marketing services to investors and various investment groups in Australia and China. It represents an important strategic platform for China-based investors to access the Australian real estate market.

ASFP has undertaken development management roles on a number of projects, such as a waterfront development project named ‘The Peninsula, Hope Island’ which is situated at Hope Island, Gold Coast. The Peninsula, Hope Island, which includes 45 house lots, 27 town houses and 115 apartments across three buildings, is Gold Coast’s very last waterfront development released at the exclusive Hope Island Resort. The Stage II development of the project including 17 town houses and one block of 40 apartments has been fully completed. Another project is ‘the Au, Surfers Paradise’ on the Gold Coast, which is located right on Main Beach and consists of 14 luxury residential units, two triple-level penthouse apartments with private swimming pools and 12 single floor apartments. It is expected that these projects will continue to provide revenue contribution to ASFP in the years ahead.

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

ASF Capital Pty Ltd (“ASF Capital”) is the fund management and advisory arm of the Group’s core strategy to facilitate two-way capital flows between Australia and Asia. ASF Capital provides services to selected businesses on matters such as public listing, visa migration, and funds management in Australia.

ASF Capital operates with an Australian Financial Services Licence and assists businesses with entry and/or expansion in Australia. ASF Capital has the capability to form any number of tailor-made wholesale funds to capture a diverse array of investment opportunities including infrastructure, real estate, mining and technology.

To date, ASF Capital has formed three funds that offer wholesale investors the opportunity to participate in the Company’s projects with the aim of providing outstanding financial returns to wholesale investors.

One of the funds is a Venture Fund which seeks to make investments into Australian early stage venture technologies and platforms offered by qualified Venture Capital Limited Partnerships (“VCLP”) in strategic collaboration with an Australian venture capital firm. The VCLP has been granted conditional registration by Department of Industry, Innovation and Science since 28 May 2019. The strategic collaboration will broaden opportunities in funds offerings, funds management and marketing reach.

On 17 May 2019, the Company announced that it has acquired the remaining 40.49% interest in ASF Capital from the shareholder resulting in ASF Capital becoming a wholly owned subsidiary of the Company.

### **Castle Green, London**

The Group and the London Borough of Barking & Dagenham (‘LBBD’) continue to work jointly together in assessing the possible development of a major infrastructure project in the Castle Green area, which could include the building of 15,000 new residential dwellings; rerouting of the A13 trunk road and creating commercial buildings of 3,700,000 square feet which will create an estimated 8,000 employment opportunities.

The Castle Green project will be transformational for LBBD, bringing considerable social, economic and infrastructure benefits, and will be conducted together with Be First LBBD’s local authority regeneration company.

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

On 16 July 2019, the Company announced that it has further disposed of 13.57% interest in ASFT to MGI for a cash consideration of \$1,357,000.

On 13 August 2019, the Company announced that it has invested into a new biotech opportunity in the UK. A company to be called 3D Bio-Tissues Ltd will be formed and the Company will over time take its investment up to 49% equity interest.

No other matters or circumstances that have arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group’s operations, the results of those operations, or the Group’s state of affairs in future financial years.

**ASF Group Limited**

**ABN 50 008 924 570**

**Preliminary Financial Report - 30 June 2019**

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**ASF Group Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2019**



	Note	Consolidated 2019 \$'000	2018 \$'000
<b>Revenue</b>	1	1,050	1,302
Finance income	1	422	191
Share of losses of associates accounted for using the equity method	3	(1,700)	(521)
Other income	2	6,534	13,394
<b>Expenses</b>			
Commission and fee expenses		(502)	(514)
Consultancy expenses		(2,208)	(1,664)
Marketing expenses		(241)	(185)
Employee benefits expense		(2,290)	(2,292)
Depreciation expense	3	(110)	(121)
Impairment of non-financial assets	3	(1,385)	(1,655)
Impairment gain/(loss) of financial assets	3	2,727	(2,782)
Net fair value movements on other financial assets		-	(20)
Legal and professional fees		(1,701)	(1,570)
Corporate and administration expenses		(1,316)	(1,200)
Occupancy expenses		(1,292)	(1,281)
Finance costs	3	(1,865)	(2,005)
<b>Loss before income tax expense</b>		(3,877)	(923)
Income tax expense		-	-
<b>Loss after income tax expense for the year</b>		(3,877)	(923)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		3	(30)
<b>Total comprehensive income for the year</b>		(3,874)	(953)
Loss for the year is attributable to:			
Non-controlling interest		(914)	(292)
Owners of ASF Group Limited		(2,963)	(631)
		(3,877)	(923)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(914)	(292)
Owners of ASF Group Limited		(2,960)	(661)
		(3,874)	(953)
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	15	(0.41)	(0.09)
Diluted loss per share	15	(0.41)	(0.09)

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



Note	Consolidated	
	2019 \$'000	2018 \$'000
<b>Assets</b>		
<b>Current assets</b>		
	4,929	4,585
4	3,772	176
	345	103
	<u>9,046</u>	<u>4,864</u>
<b>Non-current assets</b>		
5	231	424
6	15,170	14,389
	79	79
7	234	260
8	3,030	3,163
	<u>18,744</u>	<u>18,315</u>
	<u>27,790</u>	<u>23,179</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
9	2,867	1,518
10	105	6,125
	112	98
	<u>3,084</u>	<u>7,741</u>
<b>Non-current liabilities</b>		
11	16,645	11,896
	<u>16,645</u>	<u>11,896</u>
	<u>19,729</u>	<u>19,637</u>
<b>Net assets</b>		
	<u>8,061</u>	<u>3,542</u>
<b>Equity</b>		
12	122,690	113,463
13	(2,369)	(777)
	(110,079)	(107,385)
	<u>10,242</u>	<u>5,301</u>
	(2,181)	(1,759)
	<u>8,061</u>	<u>3,542</u>

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

ASF Group Limited  
Statement of changes in equity  
For the year ended 30 June 2019



	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
<b>Consolidated</b>					
Balance at 1 July 2017	113,657	(747)	(106,754)	(1,467)	4,689
Loss after income tax expense for the year	-	-	(631)	(292)	(923)
Other comprehensive income for the year, net of tax	-	(30)	-	-	(30)
Total comprehensive income for the year	-	(30)	(631)	(292)	(953)
<i>Transactions with owners in their capacity as owners:</i>					
Share buy-back (note 12)	(194)	-	-	-	(194)
Balance at 30 June 2018	113,463	(777)	(107,385)	(1,759)	3,542
<b>Consolidated</b>					
Balance at 1 July 2018	113,463	(777)	(107,385)	(1,759)	3,542
Loss after income tax expense for the year	-	-	(2,963)	(914)	(3,877)
Other comprehensive income for the year, net of tax	-	3	-	-	3
Total comprehensive income for the year	-	3	(2,963)	(914)	(3,874)
<i>Transactions with owners in their capacity as owners:</i>					
Prior period NCI movement	-	(628)	269	359	-
Acquisition of NCI without a change in control	-	(793)	-	(41)	(834)
Disposal of subsidiary with NCI	-	(174)	-	174	-
Share buy-back (note 12)	(82)	-	-	-	(82)
Issuance of shares (note 12)	9,309	-	-	-	9,309
Balance at 30 June 2019	122,690	(2,369)	(110,079)	(2,181)	8,061

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

	Note	Consolidated	
		2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		864	1,369
Payments to suppliers (inclusive of GST)		(8,407)	(9,219)
Interest received		14	59
Interest and other finance costs paid		(3,127)	(2,055)
Net cash used in operating activities	16	(10,656)	(9,846)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	7	(164)	(18)
Payments for intangibles	8	(435)	(537)
Acquisition of non-controlling interest		(922)	-
Net cash outflow for disposal of subsidiary		(691)	-
Funds received on conclusion of GCIR procurement process		-	9,082
Proceeds from release of security deposits		-	1,000
Net cash (used in)/from investing activities		(2,212)	9,527
<b>Cash flows from financing activities</b>			
Loan to associates		(2,725)	(2,645)
Proceeds of loans from associates		2,500	-
Proceeds from borrowings		10,205	105
Repayment of borrowings		(6,000)	(10,000)
Proceeds from issue of shares	12	9,309	-
Payment for share buy-backs	12	(82)	(193)
Cost of share buy-back	12	-	(1)
Net cash from/(used in) financing activities		13,207	(12,734)
Net increase/(decrease) in cash and cash equivalents		339	(13,053)
Cash and cash equivalents at the end of the financial year		4,585	17,669
Effects of exchange rate changes on cash and cash equivalents		5	(31)
Cash and cash equivalents at the end of the financial year		4,929	4,585

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

**Note 1. Revenue and finance income**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Sales revenue</b>		
Commission revenue	415	653
Corporate services	341	342
Marketing fees	93	200
Rental income	201	107
	<u>1,050</u>	<u>1,302</u>
<b>Finance income</b>	<u>422</u>	<u>191</u>

**Note 2. Other income**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Net gain on disposal of investments	3,198	-
Reversal of impairment in equity accounted investments	-	4,312
Funds received on conclusion of the procurement process of Gold Coast Integrated Resort project	-	9,082
Revaluation of investment in associate at fair value	3,297	-
Gain on disposal of plant and equipment	17	-
Sundry income	22	-
	<u>6,534</u>	<u>13,394</u>
Other income	<u>6,534</u>	<u>13,394</u>

**Note 3. Expenses**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	62	74
Plant and equipment	43	41
Motor vehicles	5	6
<b>Total depreciation</b>	<b>110</b>	<b>121</b>
<i>Impairment of non-financial assets</i>		
Mining exploration and evaluation expenditures	568	1,655
Impairment of investment in associates	817	-
<b>Total Impairment of non-financial assets</b>	<b>1,385</b>	<b>1,655</b>
<i>Impairment of financial assets</i>		
Bad debts	50	5
(Reversal of)/Impairment of loan to ActivEX Limited	(735)	735
(Reversal of)/Impairment of loan to Rey Resources Limited	(2,042)	2,042
<b>Total impairment (gain)/loss of financial assets</b>	<b>(2,727)</b>	<b>2,782</b>
<i>Share of losses of associates</i>		
Rey Resources Limited	1,452	171
ActivEX Limited	154	127
Key Petroleum Limited	46	223
ASF Technologies Ltd	48	-
<b>Total share of losses of associates</b>	<b>1,700</b>	<b>521</b>
<i>Finance costs</i>		
Interest and finance charges paid/payable	1,865	2,005
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	1,292	1,281
<i>Superannuation expense</i>		
Defined contribution superannuation expense	96	118

**Note 4. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	191	4
Other receivables	171	172
Loan receivable from associate – ActivEx Limited	1,575	705
Less: Provision for impairment of receivables	-	(705)
Loan receivable from associate – Rey Resources Limited	1,835	-
<b>Total</b>	<b>3,581</b>	<b>172</b>
<b>Total</b>	<b>3,772</b>	<b>176</b>

**Note 4. Current assets - trade and other receivables (continued)**

*Loan Receivable*

On 14 November 2017, the Group entered into a loan facility agreement with its associate, ActivEX Limited (ASX: AIV). Pursuant to the agreement the Group will provide up to \$1 million in standby funding for AIV's exploration activities and general working capital. Interest will accrue at 12% per annum. The loan facility was subsequently increased to \$2 million and the maturity date extended to 31 December 2019.

On 12 October 2017, the Group entered into a loan facility agreement with its associate, Rey Resources Limited (ASX: REY). Pursuant to the agreement the Group will provide up to \$1 million in standby funding for REY's exploration activities and general working capital for a term of one year. Interest will accrue at 12% per annum. The loan facility was subsequently increased to \$3.8 million and the maturity date extended to 31 December 2019. In April 2019, REY repaid \$2.5 million which remains available for re-draw before maturity pursuant to the terms of the loan.

**Note 5. Non-current assets - other receivables**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Deposits	231	424
Loan receivable from associate – Rey Resources Limited	-	2,042
Less: Provision for impairment of receivables (REY)	-	(2,042)
	<u>231</u>	<u>424</u>

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

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Rey Resources Limited (ASX: REY)	9,622	11,074
ActivEX Limited (ASX: AIV)	1,414	1,568
Key Petroleum Limited (ASX: KEY)	885	1,747
ASF Technologies Ltd	3,249	-
	<u>15,170</u>	<u>14,389</u>

**Note 7. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Leasehold improvements - at cost	612	611
Less: Accumulated depreciation	(535)	(488)
	<u>77</u>	<u>123</u>
Plant and equipment - at cost	488	418
Less: Accumulated depreciation	(351)	(306)
	<u>137</u>	<u>112</u>
Motor vehicles - at cost	48	48
Less: Accumulated depreciation	(28)	(23)
	<u>20</u>	<u>25</u>
	<u>234</u>	<u>260</u>

**Note 7. Non-current assets - property, plant and equipment (continued)**

*Reconciliations*

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

<b>Consolidated</b>	Leasehold improvements \$'000	Plant and equipment \$'000	Motor Vehicles \$'000	Total \$'000
Balance at 1 July 2017	197	134	31	362
Additions	-	18	-	18
Exchange differences	-	1	-	1
Depreciation expense	(74)	(41)	(6)	(121)
Balance at 1 July 2018	123	112	25	260
Additions	86	78	-	164
Disposal	(70)	(11)	-	(81)
Exchange differences	-	1	-	1
Depreciation expense	(62)	(43)	(5)	(110)
Balance at 30 June 2019	77	137	20	234

**Note 8. Non-current assets – intangibles**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Mining exploration and evaluation expenditures – at cost	3,030	3,163

*Reconciliations*

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

<b>Consolidated</b>	Total \$'000
Balance at 1 July 2017	4,281
Additions	537
Write-off of assets	(1,655)
Balance at 30 June 2018	3,163
Additions	435
Write-off of assets	(568)
Balance at 30 June 2019	3,030

**Note 9. Current liabilities – trade and other payables**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	229	120
Interest payable	-	896
Other payables	438	502
Amount due to ASF Technologies Ltd	2,200	-
	2,867	1,518

#### Note 10. Current liabilities – borrowings

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Convertible notes payable	-	6,000
Loan payable	-	20
Other loans	105	105
	<u>105</u>	<u>6,125</u>

#### Convertible notes payable

In April 2015, the company issued a \$6,000,000 unsecured convertible note ('OAIL Note') to Oceanic Alliance Investments Limited ('OAIL') which carried interest at the rate of 5% per annum with the maturity date of 2 April 2017. On 30 March 2017, the OAIL Note was extended by 3 months and the interest rate was increased from 5% to 10%. On 13 June 2017, the company and OAIL agreed to amend the terms of the OAIL Note, pursuant to which the maturity date is further extended to 1 March 2019 and, other than conversion in the company's shares, the OAIL Note can be converted into shares of any of the company's subsidiaries at a mutually agreed price. During the year, the OAIL Note has been fully repaid.

#### Note 11. Non-current liabilities - borrowings

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Convertible notes payable	<u>16,645</u>	<u>11,896</u>

#### Convertible notes payable

With the continuing support from Star Diamond Developments Limited ('Star Diamond'), on 29 December 2017, the Group entered into a Deed of Amendment with Star Diamond for the increase of convertible loan facilities ('SD Facilities') by \$5,000,000 to a total of \$20,000,000 and a further extension of the maturity date to 31 October 2020. As at the date of this report, \$15,000,000 of SD Facilities had been drawn down.

#### Note 12. Equity - issued capital

<b>Consolidated</b>	<b>2019</b>	<b>Consolidated</b>		<b>2018</b>
	<b>Shares</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares – fully paid	792,947,052	677,395,157	122,690	113,463

#### Movement in ordinary share capital

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$'000</b>
Balance	1 July 2017	678,517,825		113,657
Share buy-back	1 July 2017 – 30 June 2018	(1,122,668)	\$0.172	(193)
Cost of share buy-back		<u>-</u>	<u>-</u>	<u>(1)</u>
Balance	30 July 2018	677,395,157		113,463
Share buy-back	1 July 2018 – 30 June 2019	(810,605)	\$0.100	(82)
Private placement net	25 January 2019	112,500,000	\$0.080	9,000
Share purchase plan net	8 February 2019	3,862,500	\$0.080	309
Balance	30 June 2019	<u>792,947,052</u>		<u>122,690</u>



## Note 12. Equity - issued capital (continued)

### Ordinary shares

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

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

### Share buy-back

During the year, the Company bought back 810,605 shares at a cost of \$82,000. The buy back program has been extended to 4 June 2020.

## Note 13. Equity – reserves

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign currency reserve	191	188
Non-controlling interests reserve	(2,040)	(1,279)
Capital reserve	(520)	314
	(2,369)	(777)

### Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

### Non-controlling interest reserve

The reserve is used to recognise non-controlling interest arising from the disposal of subsidiaries.

### Capital reserve

The capital reserve is used to recognise the equity component within convertible notes payable and other borrowings. It also includes the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

<b>Consolidated</b>	<b>Foreign currency reserve \$'000</b>	<b>Non- controlling interest reserve \$'000</b>	<b>Capital reserve \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2017	218	(1,279)	314	(747)
Foreign currency translation	(30)	-	-	(30)
Balance at 1 July 2018	188	(1,279)	314	(777)
Foreign currency translation	3	-	-	3
Acquisition of non-controlling interest	-	41	(834)	(793)
Transfer from NCI to NCI reserve	-	(628)	-	(628)
Disposal of subsidiary with NCI	-	(174)	-	(174)
Balance at 30 June 2019	191	(2,040)	(520)	(2,369)

**Note 14. Equity – dividends**

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

**Note 15. Earnings per share**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax	(3,877)	(923)
Non-controlling interest	914	292
	<hr/>	<hr/>
Loss after income tax attributable to the owners of ASF Group Limited	(2,963)	(631)
	<hr/>	<hr/>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	726,935,805	677,871,061
	<hr/>	<hr/>
Weighted average number of ordinary shares used in calculating diluted earnings per share	726,935,805	677,871,061
	<hr/>	<hr/>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.41)	(0.09)
Diluted earnings per share	(0.41)	(0.09)

**Note 16. Cash flow information**

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

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax expense for the year	(3,877)	(923)
Adjustments for:		
Depreciation and amortisation	110	121
Impairment of intangibles	568	1,655
Share of loss - associates	1,700	521
(Reversal of)/Impairment of loan from associates	(2,777)	2,747
Impairment loss/(reversal) of investment in associates	817	(4,312)
Funds received on conclusion of GCIR procurement process	-	(9,082)
Gain on disposal of property, plant and equipment	(17)	-
Accrued interest on convertible notes	749	-
Accrued interest on loans to associates	(408)	-
Bad debts	50	33
Net fair value loss on investments	-	20
Revaluation of investment in associate at fair value	(3,297)	-
Gain on disposal of investment	(3,198)	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(234)	(164)
Decrease in trade and other payables	(842)	(412)
Decrease in other operating liabilities	-	(50)
	<hr/>	<hr/>
Net cash used in operating activities	(10,656)	(9,846)
	<hr/>	<hr/>

**Note 16. Cash flow information (continued)**

*Changes in liabilities arising from financing activities*

<b>Consolidated</b>	<b>Convertible notes \$'000</b>	<b>Loan payable \$'000</b>	<b>Other loans \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2017	28,676	20	-	28,696
Net cash (used in)/from financing activities	(10,000)	-	105	(9,895)
Interest payable	(780)	-	-	(780)
Balance at 1 July 2018	17,896	20	105	18,021
Net cash (used in)/from financing activities	(2,000)	2,200	-	200
Interest payable	749	-	-	749
Other	-	(20)	-	(20)
Balance at 30 June 2019	16,645	2,200	105	18,950

**Note 17. Events after the reporting period**

On 16 July 2019, the Company announced that it has further disposed of 13.57% interest in ASFT to MGI for a cash consideration of \$1,357,000.

On 13 August 2019, the Company announced that it has invested into a new biotech opportunity in the UK. A company to be called 3D Bio-Tissues Ltd will be formed and the Company will over time take its investment up to 49% equity interest.

No other matters or circumstances that have arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.