

1. Company details

Name of entity:	ASF Group Limited
ABN:	50 008 924 570
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	down	80.0% to	664
Loss from ordinary activities after tax attributable to the owners of ASF Group Limited	down	23.8% to	2,012
Loss for the half-year attributable to the owners of ASF Group Limited	down	0.3% to	1,874

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 \$1,874,000 (31 December 2019: \$1,880,000).

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible (liabilities)/assets per ordinary security	(0.28)	0.04

4. 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	Previous period
	%	%	\$'000	\$'000
Rey Resources Limited	16.36%	16.34%	(95)	(98)
ActivEx Limited	19.63%	19.62%	(66)	(67)
Key Petroleum Ltd	11.45%	11.45%	(29)	(40)
UK International Innovation Centre Limited	20%	-	-	-
3D Bio-Tissues Ltd	24.5%	-	(67)	-
<i>Group's aggregate share of associates and joint venture entities' loss (where material)</i>				
Loss from ordinary activities before income tax			(257)	(205)

ASF Group Limited
Appendix 4D
Half-year report

5. 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 the review report is attached as part of the Interim Report. The independent auditor's review report contains a paragraph in relation to material uncertainty on the going concern basis of accounting.

6. Attachments

Details of attachments (if any):

The Interim Report of ASF Group Limited for the half-year ended 31 December 2020 is attached.

7. Signed



Signed _____

Min Yang
Chairman

Date: 24 February 2021

ASF Group Limited

ABN 50 008 924 570

Interim Report – Half-year Ended 31 December 2020

ASF Group Limited

ABN 50 008 924 570

Directors' Report

31 December 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of ASF Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

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 Chi Yuen (William) Kuan
Mr Louis Li Chien

Principal activities

The Group 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, Australia, UK and Europe including oil & gas, resources, property, infrastructure, travel and financial services sectors.

Review of operations

The loss for the Group after providing for income tax and non-controlling interest amounted to \$1,874,000 (31 December 2019: loss of \$1,880,000).

Financial results and commentary

For the six months ended 31 December 2020, ASF Group Limited (the "Company") and its controlled entities (referred to hereafter as the "Group") recorded a consolidated loss after tax and non-controlling interest of \$1,874,000 (2019: loss of \$1,880,000).

During the period, operations of the Group were adversely affected by the Covid-19 pandemic. Revenue from continuing operations decreased by approximately 80% to \$664,000, as compared with last year of \$3,324,000. Due to the interstate and international travel ban, sales and marketing of the Hope Island project in the Gold Coast has been slowed down and commission income for the period dropped significantly by almost 95% compared with the corresponding period last year.

Financial position

During the period, Rey Resources Limited ("REY") repaid \$1.54 million loan principal to the Company, which remains available for redraw by REY before maturity date of 31 October 2021.

The Company has a total of \$23 million convertible loan facilities ("CN") granted by Star Diamond Developments Limited with maturity date of 31 October 2021. As of 31 December 2020, the Company has \$4.85 million remaining CN available for draw down.

Finance costs amounted to \$949,000 (2019: \$978,000) and represented interest on the CN.

During the financial period, the Company bought back 164,727 shares for a cost of \$9,982.

As of 31 December 2020, the Group maintained a cash balance of \$4.36 million.

ASF Group Limited

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Directors' Report

31 December 2020

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 19.63% of the issued capital of AIV at a book value of \$1 million, compared with its market value of \$4.5 million as of 31 December 2020.

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 31 December 2020, the Group holds 16.36% of the issued capital of REY at a market value of \$9 million.

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.

On 23 October 2020, the Company announced that an unsecured loan facility of \$250,000 was granted to KEY at an interest rate of 10% per annum maturing 30 September 2021. As at 31 December 2020, \$50,000 of the loan facility was drawn down by KEY.

As at 31 December 2020, the Group holds 11.45% of the issued capital of KEY with a market value of \$1 million.

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 \$57,200 as at 31 December 2020.

Civil & Mining Resources Pty Ltd ('CMR')

Trading as CMR Coal, Civil & Mining Resources Pty Ltd is a privately owned company with a substantial coal tenement portfolio in Queensland situated in close proximity to operating mines, infrastructure and proven economic coal resources.

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 further into unexplored areas. CMR has defined a JORC2012 code compliant resource, with a total of 876Mt (188Mt 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 has completed highly detailed pre-feasibility studies and has 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.

Together with its subsidiary ASF Resources Pty Ltd, the Company holds 68.97% of the issued capital of CMR.

ASF Technologies (Australia) Pty Ltd ("ASFTA")

ASFTA is an Australian company that has developed Australian patents for the Scotch Yoke mechanism technology used initially in power generation for engines with lower vibration, less noise, lower emissions, and lower cost than conventional engines.

ASF Group Limited

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Directors' Report

31 December 2020

Property marketing and services

ASF Properties Pty Ltd ("ASFP"), a wholly-owned subsidiary of the Company, continues to provide international property services to investors in Australia and China. It represents an important strategic platform for investors to access the Australian real estate market. The service scope includes development management, property management, property advisory, and development syndication. The projects which ASFP provides services for are located in New South Wales and Queensland.

Fund management and advisory services

ASF Capital Pty Ltd ("ASF Capital") holds an Australian Financial Services Licence and 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 assists select businesses both on shore and off on matters such as public listing, financial advisory, entry and/or expansion in Australia, and visa migration related areas. Also, ASF Capital is able to form any number of tailor-made wholesale funds to capture a diverse array of investment opportunities.

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.

3D Bio-Tissues, UK

3D Bio-Tissues Ltd ("3DBT") is 49% owned by BSF Angel Funding Limited, a subsidiary of the Company.

3DBT was spun-out from Newcastle University, UK in 2019 and is aimed to offer superior tissue replicates for the restoration of a patients' skin or cornea and it also has a broader application in food markets.

UKIIC, UK

In November 2019, the Company through its wholly owned UK subsidiary BSF International Ltd launched the UK International Innovation Centre (**UKIIC**) to join the Cocoon Global in the City of London to develop an incubation Centre for development of early stage technology and life science businesses.

As of 31 December 2020, the Group holds 20% interest in the issued capital of UKIIC.

Significant changes in state of affairs

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

Matters subsequent to the end of the financial half-year

Since 31 December 2020, the Company bought back 20,549 shares at an average price of \$0.0613 per share.

No other matters or circumstances that have arisen since 31 December 2020 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.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

ASF Group Limited

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Directors' Report

31 December 2020

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 immediately after this directors' report.

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



Director:

Ms Min Yang - Chairman

Dated this 24th day of February 2021

To the Board of Directors of ASF Group Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead audit partner for the review of the interim financial statements of ASF Group Limited for the financial half year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

Yours sincerely



Nexia Sydney Audit Pty Ltd



Andrew Hoffmann

Director

Date: 24 February 2021

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ASF Group Limited

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General information

The financial statements are those of ASF Group Limited as a consolidated entity consisting of ASF Group Limited (the company) and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is ASF Group Limited's functional and presentation currency.

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

Suite 2, 3B Macquarie Street
Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2021. The directors have the power to amend and reissue the financial statements.

ASF Group Limited

ABN 50 008 924 570

Statement of Profit or Loss and Other Comprehensive Income For the Half-Year Ended 31 December 2020

	Note	Consolidated	
		31 Dec 2020	31 Dec 2019
		000's \$	000's \$
Revenue	3	664	3,324
Finance income	3	49	171
Other income	3	304	40
Expenses			
Share of losses of associates	4	(257)	(205)
Loss on disposal of investment	4	-	(750)
Commission and fee expenses		(26)	(226)
Consultancy expenses		(666)	(2,188)
Marketing expenses		(37)	(78)
Employee benefits expense		(739)	(941)
Depreciation and amortisation expense	4	(283)	(499)
Impairment of non-financial assets write-back/(recognised)	4	157	703
Legal and professional fees		(104)	(142)
Corporate and administration expenses		(99)	(763)
Occupancy expenses		(26)	(107)
Finance costs	4	(949)	(978)
Loss before income tax expense		(2,012)	(2,639)
Income tax expense		-	-
Loss after income tax expense for the half-year		(2,012)	(2,639)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(126)	(83)
Other comprehensive income for the year, net of tax		(126)	(83)
Total comprehensive income for the half-year		(2,138)	(2,722)
Loss for the half-year attributable to:			
Non-controlling interest		(138)	(759)
Owners of ASF Group Limited		(1,874)	(1,880)
		(2,012)	(2,639)
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(138)	(759)
Owners of ASF Group Limited		(2,000)	(1,963)
		(2,138)	(2,722)
		Cents	Cents
Basic (loss)/earnings per share	13	(0.24)	(0.24)
Diluted (loss)/earnings per share	13	(0.24)	(0.24)

The accompanying notes form part of these financial statements.

ASF Group Limited

ABN 50 008 924 570

Statement of Financial Position As At 31 December 2020

		Consolidated	
		31 Dec 2020	30 Jun 2020
		000's	000's
Note		\$	\$
ASSETS			
CURRENT ASSETS			
		4,366	3,833
5		766	221
		4	27
TOTAL CURRENT ASSETS		5,136	4,081
NON-CURRENT ASSETS			
5		184	2,290
6		11,854	12,005
		57	79
		86	119
		837	1,107
		3,254	3,275
TOTAL NON-CURRENT ASSETS		16,272	18,875
TOTAL ASSETS		21,408	22,956
LIABILITIES			
CURRENT LIABILITIES			
		270	338
7		19,071	-
		151	138
8		260	395
TOTAL CURRENT LIABILITIES		19,752	871
NON-CURRENT LIABILITIES			
7		-	18,156
8		647	772
TOTAL NON-CURRENT LIABILITIES		647	18,928
TOTAL LIABILITIES		20,399	19,799
NET ASSETS		1,009	3,157
EQUITY			
9		122,678	122,688
		(2,386)	(2,260)
		(117,899)	(116,025)
		2,393	4,403
		(1,384)	(1,246)
TOTAL EQUITY		1,009	3,157

The accompanying notes form part of these financial statements.

ASF Group Limited

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Statement of Changes in Equity For the Half-Year Ended 31 December 2020

	Issued capital 000's \$	Reserves 000's \$	Consolidated Accumulated losses 000's \$	Non-control ling interest 000's \$	Total equity 000's \$
Balance at 1 July 2019	122,690	(2,369)	(110,079)	(2,181)	8,061
Loss after income tax expenses for the half-year	-	-	(1,880)	(759)	(2,639)
Other comprehensive income for the half-year, net of tax	-	(83)	-	-	(83)
Total comprehensive income for the half-year	-	(83)	(1,880)	(759)	(2,722)
<i>Transactions with owners in their capacity as owners</i>					
Transactions with shareholders	-	(42)	-	42	-
Share buy-back	(2)	-	-	-	(2)
Balance at 31 December 2019	122,688	(2,494)	(111,959)	(2,898)	5,337
Balance at 1 July 2020	122,688	(2,260)	(116,025)	(1,246)	3,157
Loss after income tax expense for the half-year	-	-	(1,874)	(138)	(2,012)
Other comprehensive income for the half-year, net of tax	-	(126)	-	-	(126)
Total comprehensive income for the half-year	-	(126)	(1,874)	(138)	(2,138)
<i>Transactions with owners in their capacity as owners:</i>					
Share buy-back	(10)	-	-	-	(10)
Balance at 31 December 2020	122,678	(2,386)	(117,899)	(1,384)	1,009

The accompanying notes form part of these financial statements.

ASF Group Limited

ABN 50 008 924 570

Statement of Cash Flows

For the Half-Year Ended 31 December 2020

	Consolidated	
	31 Dec 2020	31 Dec 2019
	000's	000's
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers (inclusive of GST)	865	3,576
Government grants (R&D, JobKeeper, Cashboost, Furlough)	267	-
Payments to suppliers and employees (inclusive of GST)	(1,787)	(4,518)
Interest received	1	242
Interest and other finance costs paid	-	(219)
Net cash used in operating activities	(654)	(919)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for intangibles	(71)	(147)
Tenement relief rebates and refunds	92	-
Investment in financial assets at fair value	-	(151)
Proceeds from disposal of associates and investment at FVTPL	5	2,357
Investment in equity accounted investments	-	(30)
Proceeds from sale of plant and equipment	19	-
Loans to associates	(50)	(145)
Repayment of loans from associates	1,540	1,475
Net cash provided by investing activities	1,535	3,359
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	-	600
Repayment of borrowings	-	(2,800)
Payment of principal portion of leases	(285)	(457)
Payments for share buy-backs	(10)	(2)
Net cash provided by/(used in) financing activities	(295)	(2,659)
Net increase /(decrease) in cash and cash equivalents	586	(219)
Cash and cash equivalents at the beginning of the financial half-year	3,833	4,929
Effects of exchange rate changes on cash and cash equivalents	(53)	130
Cash and cash equivalents at the end of the financial half-year	4,366	4,840

The accompanying notes form part of these financial statements.

ASF Group Limited

ABN 50 008 924 570

Notes to the Financial Statements For the Half-Year Ended 31 December 2020

1 Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 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 2020 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.

(a) Continued operations and future funding

The financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. For the half year ended 31 December 2020, the Group recorded a loss after income tax and non-controlling interest of \$1,874,000 (2019: \$1,880,000); showed net cash inflow from investing activities of \$1,535,000 (2019: net cash inflow of \$3,359,000) and net cash outflows from operating activities of \$654,000 (2019: \$919,000) and, as of that date, the Group's current liabilities exceeded its current assets by \$14,616,000 (2019: \$11,700,000). The net assets of the Group as of 31 December 2020 were \$1,009,000 (2019: \$5,337,000).

The ability of the Group to meet its commitments and to develop its projects or divest for a profit is dependent upon the Group continuing to raise capital and/or realise its investments.

The directors have considered the following, in their assessment of the future funding of the Group:

- The fact that the COVID-19 pandemic has caused considerable disruption and volatility on global equity and commodity markets;
- The Group manages cash diligently to meet immediate business needs. The Group has a long and proven track record in raising capital via share placements, rights issues and convertible notes over the past 12 years. As at the date of this report, the Group has \$4.85 million in a convertible note facility available for draw down;
- The Group expects convertible notes amounting to \$19,071,000 to be converted to equity or extended before their expiry. No cash outlay will be required;
- The Group plans to undertake further capital raising or realisation of assets during the next 12 months as needed;
- The Group holds the ability to reduce operating costs as needed and appropriate; and
- Cash flow forecast, which incorporate expected additional capital injections, for the 12 months from the date of issue of these financial statements project that the Group will be able to operate as usual.

The directors are of the opinion that the Group will continue to obtain additional capital when business requires and accordingly have prepared the financial statements on a going concern basis.

In the unlikely scenario that the Group is not able to obtain additional capital as and when required, there is a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in these financial statements.

ASF Group Limited

ABN 50 008 924 570

Notes to the Financial Statements For the Half-Year Ended 31 December 2020

At the date of approval of these financial statements, 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 31 December 2020. 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 classifications of liabilities that might be necessary.

(b) New Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

2 Operating segments

Identification of reportable segments

The Group's operating segment is identified 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.

The Group operates in only one segment, being an investment and trading house. The segment result is as shown in the statement of profit or loss and other comprehensive income. Refer to statement of financial position for assets and liabilities.

3 Revenue

	Consolidated	
	31 Dec 2020	31 Dec 2019
	000's	000's
	\$	\$
<i>Sales revenue</i>		
Commission revenue	11	96
Corporate services	653	3,228
	<u>664</u>	<u>3,324</u>
<i>Finance income</i>		
Interest income	49	171
<i>Other income</i>		
Sundry income	102	40
Government grants (JobKeeper, cash boost)	202	-
	<u>304</u>	<u>40</u>

ASF Group Limited

ABN 50 008 924 570

Notes to the Financial Statements For the Half-Year Ended 31 December 2020

4 Expenses

Loss before income tax includes the following specific expenses:

(Gain)/loss on disposal of investment

ASF Technologies Ltd (HK)

GCPM Pty Ltd

Total loss on disposal of investment

Impairment

Impairment of investment in associates (write-back)/recognised

Total impairment

Share of loss of associates

Rey Resources Limited

ActiveEx Limited

Key Petroleum Ltd

3D Bio-Tissues Ltd

Total share of loss of associates

Finance costs

Interest and finance charges paid/payable

Depreciation and amortisation

Leasehold improvements

Plant and equipment

Motor vehicles

Total depreciation

Amortisation - right of use assets

Total depreciation and amortisation

Consolidated	
31 Dec 2020	31 Dec 2019
000's	000's
\$	\$
-	854
-	(104)
-	750
(157)	(703)
(157)	(703)
95	98
66	67
29	40
67	-
257	205
949	978
3	16
14	19
-	2
17	37
266	462
283	499

ASF Group Limited

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Notes to the Financial Statements For the Half-Year Ended 31 December 2020

5 Trade and other receivables

	Consolidated	
	31 Dec 2020	30 Jun 2020
	000's	000's
	\$	\$
CURRENT		
Trade receivables	60	-
Loan receivable from associate	651	-
Other receivables	55	221
	<u>766</u>	<u>221</u>
NON-CURRENT		
Deposits	184	197
Loan receivable from associate	-	2,093
	<u>184</u>	<u>2,290</u>

6 Investments accounted for using the equity method

	Consolidated	
	31 Dec 2020	30 Jun 2020
	000's	000's
	\$	\$
Rey Resources Limited (ASX: REY)	9,013	9,315
ActivEx Limited (ASX: AIV)	1,032	1,099
Key Petroleum Ltd (ASX: KEY)	1,014	658
3D Bio-Tissues Ltd	795	933
	<u>11,854</u>	<u>12,005</u>

7 Borrowings

CURRENT		
Convertible notes payable	19,071	-
NON-CURRENT		
Convertible notes payable	-	18,156
Total borrowings	<u>19,071</u>	<u>18,156</u>

Convertible notes

The company is party to the following convertible notes:

With the continuing support from Star Diamond Developments Limited ('Star Diamond'), on 25 June 2020, the Group entered into a Deed of Amendment with Star Diamond for the increase of convertible loan facilities ('SD Facilities') by \$3,000,000 to a total of \$23,000,000 and a further extension of the maturity date to 31 October 2021. As at the date of this report, \$18,150,000 of SD Facilities had been drawn down.

ASF Group Limited

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Notes to the Financial Statements For the Half-Year Ended 31 December 2020

8 Lease liabilities

	Consolidated	
	31 Dec 2020	30 Jun 2020
	000's	000's
	\$	\$
<i>Lease liabilities</i>		
Current	260	395
Non-current	647	772
Total lease liabilities	907	1,167

9 Issued capital

	31 Dec 2020		30 Jun 2020	
	Shares	000's	Shares	000's
Ordinary shares - fully paid	792,760,338	122,678	792,925,065	122,688

Movements in ordinary share capital

Details	Date	Shares	Average buy-back price	000's
Balance	1 Jul 2020	792,925,065		122,688
Share buy-back	1 Jul 2020 to 31 Dec 2020	(164,727)	\$0.061	(10)
Balance	31 Dec 2020	792,760,338		122,678

Share buy-back

During the half-year, the Company bought back 164,727 shares at a cost of \$9,982. The buy-back program is extended to 18 June 2021 and it is the company's present intention to extend the program for another year.

ASF Group Limited

ABN 50 008 924 570

Notes to the Financial Statements For the Half-Year Ended 31 December 2020

10 Dividends

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

11 Interests in subsidiaries

During the period, the following subsidiaries were deregistered:

ASF Canning Basin Energy Pty Ltd
ASF Canning Pty Ltd
ASF Coal Pty Ltd
ASF Gold and Copper Pty Ltd
Aushome Pty Ltd
ASF Technologies Holding Limited

No addition to interests in subsidiaries disclosed in the financial report as at 30 June 2020.

12 Fair value measurement

The following tables detail the Group's assets, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 000's \$	Level 2 000's \$	Level 3 000's \$	Total 000's \$
Consolidated - 31 Dec 2020				
Assets				
Investments at fair value through profit or loss	57	-	-	57
Total assets	57	-	-	57
Consolidated - 30 Jun 2020				
Assets				
Investments at fair value through profit or loss	79	-	-	79
Total assets	79	-	-	79

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

ASF Group Limited

ABN 50 008 924 570

Notes to the Financial Statements For the Half-Year Ended 31 December 2020

13 Earnings per share

	Consolidated	
	31 Dec 2020	31 Dec 2019
	000's	000's
	\$	\$
Loss after income tax	(2,012)	(2,639)
Non controlling interest	(138)	759
Loss after income tax attributable to the owners of ASF Group Limited	(1,874)	(1,880)
	31 Dec 2020	31 Dec 2019
	No.	No.
Weighted average number of ordinary shares used in calculating basic earnings per share	792,843,985	792,940,501
Weighted average number of ordinary shares used in calculating diluted earnings per share	792,843,985	792,940,501
	Cents	Cents
Basic earnings per share	(0.24)	(0.24)
Diluted earnings per share	(0.24)	(0.24)

14 Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2020 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.

Due to the continuation of Coronavirus (COVID-19) after 31 December 2020, the directors and management will continually review and update the assessments of the risk on the business given the fluid nature of the crisis and the uncertainties involved.

ASF Group Limited

ABN 50 008 924 570

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes 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 give a true and fair view of the Group's financial position as at 31 December 2020 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 with the continuing support of creditors.

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
Dated 24 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ASF GROUP LIMITED

To the members of ASF Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of ASF Group Limited (the 'Company') and Consolidated Entities (the 'Group'), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 and its controlled entities does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty related to going concern

We draw attention to Note 1(a) in the half-year financial report, which indicates that the Group incurred a net loss of \$1.87m during the year ended 31 December 2020 and had net current liabilities of \$14.62m. As stated in Note 1(a), these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Company 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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

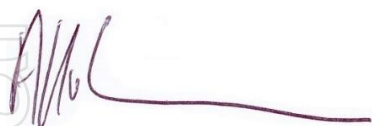
Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Company's financial position as at 31 December 2020 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*.

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.

The Nexia logo, featuring the word "Nexia" in a stylized, cursive script.

Nexia Sydney Audit Pty Ltd

A handwritten signature in dark ink, appearing to read "AHL", followed by a long horizontal line.

Andrew Hoffmann

Director

Date: 24 February 2021

Sydney