

# **ASF Group Limited**

**ABN 50 008 924 570**

**Annual Report - 30 June 2022**

Dear Shareholders,

I am pleased to present the Annual Report of the consolidated entity (referred to as the 'Group') consisting of ASF Group Limited (referred to as the 'Company') and the entities it controls.

While we remain in volatile markets with uneven returns in Australia and across the world, we continue to maintain our diverse asset base seeking opportunities both in Australia, the UK, and now with an eye towards the United States as well. Our focus remains with innovation and incubation of high growth businesses.

In this regard we have continued to invest into our new biotech company in the UK that is a commercial spin-off from the Newcastle University, UK spearheading the development of 3D Bio Tissues for corneas, skin & lab-grown meat products and cosmetic innovations. This year we successfully reversed this investment into BSF Enterprise PLC, a listed entity on the London Stock Exchange and raised £1.75m to continue to grow this exciting biotech business.

Back in Australia, with 7 Australian patents and 5 international patents for the US and Europe, the Company has been developing an innovative Scotch Yoke mechanism technology. It is now commercially ready. The technology provides power generation with advantages in smaller size, lower vibration, less noise, lower emissions, and lower cost than conventional. It is well suited for a number of different power generation applications including as an EV range extender, home generator, or as an engine for marine, bus, small aircraft, farming, and construction and maintenance.

We continue to build a diversified mining and resources asset base building upon advancement of work programs and joint ventures at a time when oil, gas, coal and gold prices have all recovered to pre-pandemic levels and beyond. This will provide the Group with opportunities to release shareholder value over the coming year.

In our property sector, The Peninsula at Hope Island remains a successful opportunity for the Company with Phase III almost completed being a master-planned gated community development located in Gold Coast, Queensland. It is expected this project will continue returning revenue for our property division.

We will continue to deliver long term value to our shareholders through this difficult time seeking opportunities that best suit our skills and extensive experience.

I want to sincerely thank all our loyal shareholders, lenders, clients, directors, employees and consultants for supporting us on this path of wealth realisation. More than ever, we are fully committed to continuous innovation and value creation for our shareholders.

Yours sincerely,



Min Yang  
Chairman

30 September 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of ASF Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

### **Directors**

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

Ms Min Yang – Chairman  
Mr Nga Wong (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 diversified investment company with an international outlook and a focus on the real estate, resources, technology and financial sectors. In a rapidly changing global marketplace, the Group is a dynamic player that actively realises synergistic and transnational investment opportunities.

### **Dividends**

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

### **Review of operations**

The loss for the Group after providing for income tax and non-controlling interest amounted to \$4,062,000 (30 June 2021: \$3,233,000).

### **Financial results and commentary**

For the year ended 30 June 2022, revenue from continuing operations of the Group increased by approximately 44% to \$2,200,000 (2021: \$1,529,000), which was mainly contributed by the commission revenue for the sale of properties.

During the year, the Group achieved an encouraging result on sale of properties and recorded a commission revenue of \$1,641,000 (2021: \$613,000). Sale of Stage 3 of the Peninsula Hope Island project is progressing well and another project "the AU" which is located at Surfers Paradise, Gold Coast has also started providing revenue contributions for the year. It is expected that these two projects will continue to provide notable revenue to the Group in the year ahead.

Consolidated loss after tax and non-controlling interest for the year was \$4,062,000, an increase of approximately 25.6% compared with last year of \$3,233,000. Majority of the loss for the year was mainly attributed to the following:

- Share of losses of the associates of \$1,058,000 (2021: 886,000);
- Provision for impairment of investment of \$110,000 (2021: \$24,000); and
- Interest expenses and other finance costs \$2,046,000 (2021: \$1,796,000).

Subsequent to the financial year ended, the Company announced the extension of its on-market share buyback program for a further 12 months from 18 July 2022 and up to 79.2 million shares of the Company can be bought back under the new buyback program. During the year, the Company bought back 152,515 shares at an average price of \$0.044 per share.

### **Financial position**

As of 30 June 2022, the Company together with its subsidiaries (the "Group") maintained a cash balance of approximately \$4.4 million and has an available loan facility of \$3.05 million granted by Star Diamond Developments Limited ("Star Diamond").

Finance costs for the year amounted to \$2,046,000 (2021: \$1,796,000) which represented principally accrued interest on the loan due to Star Diamond.

### **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.

During the year, AIV successfully completed a placement of shares raising \$2.125 million (before costs) which would be used for its drilling programs and exploration on new projects. Following the approval from AIV shareholders at its general meeting held on 12 January 2022, AIV issued 15,784,950 share options with an exercise price of \$0.12 per share expiring on 21 January 2024.

The Group holds 16.08% of the issued capital of AIV at a book value of \$0.62 million, compared with its market value of \$1.04 million as of 30 June 2022.

#### **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.

REY also holds interest in a gas project in the Surat Basin of Queensland ("Surat Gas Project"). In December 2020, REY announced the proposed acquisition of up to 75% equity interests in Southernpec (Australia) Pty Ltd ("SouthnA") which holds significant interests in 7 conventional gas production licences in Surat Gas Project that is located just south of Roma GLNG asset in the Surat Basin. REY had completed stage 1 and part of stage 2 of the investment and was holding 20% equity interest in SouthnA.

During the year, REY announced that it would not proceed further on stages 2 and 3 of the investment and, in June 2022 REY executed a share buy-back deed with SouthnA pursuant to which SouthnA bought back all the fully paid ordinary shares in SouthnA held by REY for a consideration of \$766,500 which were satisfied by the transfer of 7.5 million fully paid ordinary shares in PZE Limited ("PZE") held by SouthnA. PZE is a public company incorporated in Australia and is proposed to apply for listing on the ASX.

On 22 June 2022, the Company announced that it agreed to extend the maturity date of the \$2 million loan facility granted to REY for 1 year to 31 October 2023.

The Group holds 16.36% of the issued capital of REY at a book value of \$8.8 million, compared with its market value of \$9 million as at 30 June 2022.

#### **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 Cooper Basin in Queensland and Western Australia.

On 28 April 2022, the Company entered into a loan facility agreement with KEY pursuant to which the Company would grant an unsecured loan facility of up to \$250,000 ("Facility") to KEY, which bears an interest rate of 10% per annum maturing 31 December 2023. As of 30 June 2022, a total of \$100,000 of the Facility had been drawn down by KEY.

As at 30 June 2022, the Group holds 11.45% of the issued capital of KEY with a market value of \$0.45 million.

#### **Kaili Resources Limited ("KLR")**

KLR is a resources exploration company which holds tenements in Western Australia. The Group holds 2.2 million shares in KLR with a market value of \$30,800 as at 30 June 2022.

#### **Civil & Mining Resources Pty Ltd ("CMR")**

Trading as CMR Coal, CMR 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 Ltd (“ASFT”)**

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.

#### **Property Marketing and Services**

ASF Properties Pty Ltd (‘ASFP’), a wholly-owned subsidiary of the Company, continues to provide property services to onshore and offshore investors and home buyers. It represents an important strategic platform for offshore 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.

During the year, ASFP achieved an encouraging result on the sale of properties in particular Stage 3 of the Peninsula Hope Island project which is the final stage of a master-planned gated community development located in Gold Coast, Queensland. ASFP has also started to provide marketing and sales service for another project named “the AU” located at Surfers Paradise, Gold Coast. It is expected these two projects will continue to increase the revenue for ASFP in the year ahead.

#### **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’) was 49% owned by BSF Angel Funding Limited (‘BSF Angel Funding’), a subsidiary of the Company.

Upon successful completion of the reverse takeover of 3DBT by BSF Enterprise PLC (LSE: BSFA), a publicly listed independent company incorporated in the UK, which had been re-admitted to the Official List on the London Stock Exchange’s Main Market on 17 May 2022, 3DBT is now a 100% owned subsidiary of BSFA.

In consideration for the sale of the Company’s interest in 3DBT to BSFA, BSF Angel Funding received 16,610,944 fully paid ordinary shares representing approximately 19.36% of the issued capital of BSFA with a market value of GBP1.04 million as at 30 June 2022.

3DBT was spun-out from Newcastle University, UK in 2019 and is a bio-technology company specialising in serum-free media, skin care and tissue engineering.

3DBT has developed a proprietary platform technology termed “tissue templating” (commonly referred to as “tissue engineering”) that facilitates the production of a variety of animal tissue types for multiple uses. This technology aims to offer structured, functional and scalable tissue replicates with potential applications in clinical settings for the replacement of human skin & corneas or broader uses in consumable protein including lab grown meat.

Amongst other intellectual property, 3DBT has also developed the following:

- Serum-free media: 3DBT’s City-mix™ supplements are a serum-free media for culturing muscle and fat cells (by way of an animal-free process) that can be used for lab -grown meat and leather production; and
- Skin Care Products: Lipopeptide Etsyl™ is a product that actively increases collagen production in human skin cells. It can be used as an active ingredient in cosmetic skin cream and other topical dermatological products.

Building on its success to date, 3DBT is focused on producing the UK’s first 100% lab-grown meat in the next 12 months. The funds raised will be used to expand the team and to market the Company’s animal-free cell growth agent (serum free media) and skin care products.

### **UKIIC, UK**

The Company, through its wholly owned UK subsidiary BSF International Ltd, holds 20% interest in the issued capital of UK International Innovation Centre (UKIIC) which aims to develop an incubation Centre for development of early stage technology and life science businesses in the City of London.

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

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

### **Effects on COVID-19 on the Company**

The Group took early action in March 2020 in response to the considerable disruption and volatility on global equity and commodity markets due to the outbreak of a novel coronavirus (COVID-19). The impact of this health event has been minimal on the activities of the Group. Management made the decision that staff would work from home in order to mitigate any potential exposure to the COVID-19 virus, with all interstate and overseas travel ceasing.

The Group also implemented cost reductions to both Directors and Employees, as well as other operating costs to substantially reduce the Group’s cash outgoings and demonstrates the alignment of ASF’s board and staff with the interests of shareholders.

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

On 4 July 2022, the Company announced the extension of its on-market share buyback program for a further 12 months from 18 July 2022 and up to 79.2 million shares of the Company can be bought back over the next 12 months under the new buyback program.

No other matters or circumstances that have arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group’s operations, the results of those operations, or the Group’s state of affairs in future financial years.

### **Likely developments and expected results of operations**

Refer to 'review of operations section' above for information on likely developments and expected results of operations.

### **Environmental regulation**

The Group's operations are presently subject to environmental regulation under the laws of the Commonwealth of Australia and the state of Queensland. The Group is at all times in full environmental compliance with the conditions of its licences.

### Information on directors

Name: Ms Min Yang  
Title: Director and Chairman  
Experience and expertise: Min Yang is the Chair and Founder of ASF Group Limited. With over 30 years of extensive experience in international business, Ms Yang has proven her unique business insight and expertise in the identification, acceleration and realisation of diverse investment opportunities. Under Ms Yang's leadership, ASF Group continues to actively spearhead strategic investment between Australia and the world.  
Other current directorships: Chairman of ActivEX Limited (ASX: AIV) and Rey Resources Limited (ASX: REY). Non-executive director of Key Petroleum Limited (ASX: KEY). Chairman of BSF Enterprise PLC (LSE:BSFA).  
Former directorships (last 3 years): None  
Special responsibilities: None  
Interests in shares: Direct interest in 286,500 ordinary shares and indirect interest in 86,914,266 ordinary shares held by FY Holdings Limited which is jointly controlled by Ms Yang and Mr Fang.

Name: Mr Nga Wong (Alex) Lao  
Title: Vice Chairman and Non-Executive Director  
Experience and expertise: Mr Lao is the managing director of ASF Macau Multinational Holdings Limited and is in charge of the operations of Multinational Youth Travel Agency Limited. Mr Lao resides in Macau where he has business interests in property, travel and retail industries and is Chairman of the Macau Travel Agency Association.  
Other current directorships: None  
Former directorships (last 3 years): None  
Special responsibilities: None  
Interests in shares: 18,026,525 ordinary shares

Name: Mr Quan (David) Fang  
Title: Director  
Experience and expertise: David Fang is the Executive Director of ASF Group Limited. With over 30 years of experience in the Australian real estate sales and property development sectors, he has led the acquisition, development and sales of multiple projects. His accomplishments have ranged from driving the delivery of high-end residential developments to large-scale urban renewal projects. Mr Fang continues to advance the Company through the realisation of property development projects and the acquisition of new projects to generate further value.  
Other current directorships: None  
Former directorships (last 3 years): None  
Special responsibilities: None  
Interests in shares: Direct interest in 10,000 ordinary shares and indirect interest in 86,914,266 ordinary shares held by FY Holdings Limited which is jointly controlled by Ms Yang and Mr Fang.

Name: Mr Wai Sang Ho  
Title: Non-executive director  
Experience and expertise: Mr Ho is a Hong Kong resident and a large property developer in Southern China. He has substantial property interests in Hong Kong and China.  
Other current directorships: None  
Former directorships (last 3 years): None  
Special responsibilities: None  
Interests in shares: 44,808,270 ordinary shares



**Name:** Mr Geoff Baker  
**Title:** Director  
**Qualifications:** Mr Baker is a qualified lawyer in Australia and Hong Kong with a Commerce degree (Accounting and Financial Management), a Law degree and Master of business administration (MBA).  
**Experience and expertise:** Mr Baker assists in the international operations of the Group. He joined the Group after practising extensively for 30 years as a lawyer in Australia, Japan, Asia and China.  
**Other current directorships:** Non-executive director of Rey Resources Limited (ASX: REY) and ActivEX Limited (ASX: AIV), Non-executive Chairman of Key Petroleum Limited (ASX: KEY). Director of BSF Enterprise PLC (LSE:BSFA).  
**Former directorships (last 3 years):** None  
**Special responsibilities:** Chairman of the Audit Committee  
**Interests in shares:** Indirect interest in 7,734,517 ordinary shares held by Gold Star Industry Ltd, a related entity

**Name:** Mr Chi Yuen (William) Kuan  
**Title:** Director and Company Secretary  
**Qualifications:** Mr Kuan holds a Master Degree in International Accounting. He is a Fellow of CPA Australia and an Associate of The Chartered Governance Institute (formerly ICASA) in the UK and The Hong Kong Chartered Governance Institute (formerly HKICS).  
**Experience and expertise:** Mr Kuan joined the Group as the Company Secretary in February 2010 and has been responsible for all aspects of financial and corporate matters of the Group. He has extensive experience in accounting, corporate finance and company secretarial areas. Prior to joining the Group, he was company secretary for a number of diverse Hong Kong listed companies.  
**Other current directorships:** None  
**Former directorships (last 3 years):** None  
**Special responsibilities:** None  
**Interests in shares:** 250,000 ordinary shares



Name:	Mr Louis Li Chien
Title:	Director
Qualifications:	Mr Chien is a Graduate of the Australian Institute of Company Directors (GAICD), holds a Master of Business Administration (MBA) from Kelley School of Business, Indiana University and two bachelor degrees in Architecture.
Experience and expertise:	Mr Chien was born in Shanghai, China. He was raised in the United States where he was educated and has over 20 years of experience in Fortune 100 companies. He is now based in Sydney, Australia. He is principally responsible for the management of ASF's investments, development, financial, and operational activities. Prior to joining the Group, Mr Chien held various leadership positions within Procter & Gamble Company (P&G), both in the United States and Singapore.
Other current directorships:	Alternate Director to Ms Min Yang for Rey Resources Limited (ASX: REY). Managing Director of Key Petroleum Limited (ASX: KEY).
Former directorships (last 3 years):	Alternate Director to Ms Min Yang for ActivEX Limited (ASX: AIV) – resigned 10 August 2022.
Special responsibilities:	Member of the Audit Committee
Interests in shares:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

### Company secretary

Mr Chi Yuen (William) Kuan's experience is detailed in the 'information on directors' section above.

### Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
Ms Min Yang - Chairman	2	2	-	-
Mr Nga Wong (Alex) Lao	1	2	-	-
Mr Quan (David) Fang	2	2	-	-
Mr Wai Sang Ho	2	2	-	-
Mr Geoff Baker	2	2	2	2
Mr William Kuan	2	2	2	2
Mr Louis Chien	2	2	2	2

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

### Remuneration report (audited)

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

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

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

***Principles used to determine the nature and amount of remuneration***

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness to attract and retain key talent;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

While the Group does not have a remuneration committee, the Board is responsible for determining and reviewing compensation arrangements for the directors and the senior management team.

The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

*Non-executive directors' remuneration*

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of these directors. Non-executive directors' fees and payments are reviewed annually by the Board.

*Executive remuneration*

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has the following components:

- base pay and non-monetary benefits;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and the overall performance of the Group and comparable market remunerations. Other retirement benefits may be provided by the Group if approved by shareholders.

Directors receive fixed monthly salary or consulting fees for providing consulting services to the Group.

There are no guaranteed base pay increases included in any executives' contracts.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Group and provides additional value to the executive.

No short-term incentive ('STI') payments were made during the year.

The long-term incentives ('LTI') include long service leave.

*Group's performance and link to remuneration*

There is at present no direct link between remuneration and earnings except that the Board have decided that payments for services rendered should be kept to a minimum.

*Use of remuneration consultants*

During the financial year ended 30 June 2022, the Group did not use any remuneration consultants.

*Voting and comments made at the company's 2021 Annual General Meeting ('AGM')*

At the 2021 AGM, 99.99% of shareholders voted by poll for the adoption of the remuneration report for the year ended 30 June 2021. The company did not receive any specific feedback at the AGM regarding its remuneration practices and had received approval on the adoption of its remuneration report.

**Details of remuneration**

*Amounts of remuneration*

Details of the remuneration of the KMP of the Group are set out in the following tables.

The key management personnel of the Group consisted of the directors of ASF Group Limited:

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2022	\$	\$	\$	\$	\$	\$	\$
Min Yang	169,527	-	-	3,179	-	-	172,706
David Fang	112,977	-	-	8,649	-	-	121,626
Geoff Baker	141,764	-	-	125	-	-	141,889
William Kuan	171,373	-	-	17,000	2,833	-	191,206
Louis Chien	122,400	-	-	-	-	-	122,400
	<b>718,041</b>	-	-	<b>28,953</b>	<b>2,833</b>	-	<b>749,827</b>

2021	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total \$
	Cash salary and fees \$	Bonus \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
Min Yang	170,346	-	-	3,106	-	-	173,452
David Fang	116,393	-	-	8,289	-	-	124,682
Geoff Baker	144,503	-	-	3,106	-	-	147,609
William Kuan	171,030	-	-	16,150	2,833	-	190,013
Louis Chien	123,400	-	-	-	-	-	123,400
	725,672	-	-	30,651	2,833	-	759,156

Nga Wong (Alex) Lao and Wai Sang Ho did not receive any remuneration during 2022 and 2021 financial year.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		STI	
	2022	2021	2022	2021
<i>Executive Directors:</i>				
Min Yang	100%	100%	-	-
David Fang	100%	100%	-	-
Geoff Baker	100%	100%	-	-
William Kuan	100%	100%	-	-
Louis Chien	100%	100%	-	-

### Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Min Yang
Title:	Director and Chairman
Agreement commenced:	1 October 2012
Term of agreement:	Open ended
Details:	An employment contract exists between Ms Yang and ASF (Hong Kong) Limited (a subsidiary of the Group) which was entered on 1 October 2012. Ms Yang receives fixed remuneration of HK\$120,000 per month, which has been reduced to HK\$80,000 per month from July 2019. The contract may be terminated at any time by either party giving to the other party not less than 30 days prior written notice. A consultancy agreement has existed between Civil & Mining Resources Pty Ltd (a subsidiary of the Group) and the director's related entity, Luxe Hill Ltd, which received a consulting fee for 1 month only of A\$2,500 per month in July 2019. The contract may be terminated at any time by either party giving to the other party not less than 3 months prior written notice.

Name: Quan (David) Fang  
Title: Director  
Agreement commenced: 1 January 2016  
Term of agreement: Open ended  
Details: On 1 January 2016, Mr Fang signed an employment contract with ASF (Hong Kong) Limited (a subsidiary of the Group) with a fixed salary of HK\$80,000 per month, which has been reduced to HK\$50,000 per month from July 2019 and further reduced to HK\$25,000 per month from July 2020. The contract may be terminated at any time by either party giving to the other party 30 days prior written notice. On 1 April 2020, Mr Fang signed an employment contract with ASF Corporate Pty Ltd (a subsidiary of the Group) and receives a fixed remuneration of A\$5,000 per month plus superannuation. The contract may be terminated at any time by either party giving to the other party not less than one month's prior written notice.

Name: Geoff Baker  
Title: Director  
Agreement commenced: 1 August 2012  
Term of agreement: Open ended  
Details: An employment contract exists between Mr Baker and ASF (Hong Kong) Limited (a subsidiary of the Group). Mr Baker receives a fixed remuneration of HK\$80,000 per month, which has been reduced to HK\$40,000 per month from July 2019. The contract may be terminated at any time by either party giving to the other party not less than 30 days prior written notice. A consultancy contract exists between the Group and the director's related entity, Gold Star Industry Limited. A consulting fee of A\$9,500 per month, which has been reduced to A\$4,750 per month from April 2020, is payable.

Name: Chi Yuen (William) Kuan  
Title: Director and Company Secretary  
Agreement commenced: 1 February 2010  
Term of agreement: Open ended  
Details: Mr Kuan is employed by the Group under an employment agreement. Mr Kuan receives fixed remuneration of A\$14,167 per month plus superannuation. The contract may be terminated at any time by either party giving to the other party not less than 30 days prior written notice.

Name: Louis Li Chien  
Title: Director  
Agreement commenced: 1 April 2015  
Term of agreement: Open ended  
Details: Mr Chien was employed by the Group under an employment agreement until 31 December 2019 and during that period Mr Chien received a fixed remuneration of A\$7,417 per month and superannuation. A consultancy agreement existed between ASF China Holdings Limited (a subsidiary of the Group) and the director's related entity, Studio 1618, Limited Liability Corporation. The consultancy agreement was terminated on 31 December 2019 and during that period a consulting fee of US\$9,000 per month was payable. On 9 January 2020, a new consultancy agreement was signed between ASF Corporate Pty Ltd (a subsidiary of the Group) and the director's related entity, Chanticleer 168. A consulting fee of A\$20,400 per month, which has been reduced to A\$10,200 per month from April 2020, is payable. The contract may be terminated at any time by either party giving to the other party not less than 3 months prior written notice.

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

### Share-based compensation

#### Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022 (2021: NIL).

#### Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that was outstanding as at 30 June 2022 (2021: NIL).

There were no options over ordinary shares granted to or vested in directors and other key management personnel as part of compensation during the year ended 30 June 2022 (2021: NIL).

### Additional information

The earnings of the Group for the five years to 30 June 2022 are summarised below:

	2022	2021	2020	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Sales revenue	<b>2,200</b>	1,529	4,338	1,050	1,302
Loss after income tax	<b>(4,062)</b>	(3,233)	(5,946)	(2,963)	(631)
Net equity	<b>(4,836)</b>	(295)	3,157	8,061	3,542

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

	2022	2021	2020	2019	2018
Average share price (\$)	<b>0.052</b>	0.066	0.09	0.11	0.17
Basic earnings per share (cents per share)	<b>(0.51)</b>	(0.41)	(0.75)	(0.41)	(0.09)
Share buy-back (\$'000)	(7)	12	2	82	193

**Additional disclosures relating to key management personnel**

*Shareholding*

The number of shares in the company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Min Yang*	286,500	-	-	-	286,500
Nga Wong (Alex) Lao	18,026,525	-	-	-	18,026,525
Quan (David) Fang*	10,000	-	-	-	10,000
Wai Sang Ho	44,808,270	-	-	-	44,808,270
Geoff Baker **	7,734,517	-	-	-	7,734,517
William Kuan	250,000	-	-	-	250,000
	<b>71,115,812</b>	-	-	-	<b>71,115,812</b>

\* The above shareholding excludes indirect interest of 86,914,266 (2021: 86,914,266) shares held by FY Holdings Limited, an entity jointly controlled by Ms Yang and Mr Fang.

\*\* Included in Mr Baker's holdings are indirect interests held by Gold Star Industry Ltd which is controlled by Mr Baker.

Louis Chien held no shares in the company during the financial year.

*Other transactions with key management personnel and their related parties*

1. Rent paid on the operating lease of the head office of the Group to SPC Investments Pty Ltd, an entity in which Ms Min Yang has a beneficial interest, amounting to \$273,419 (2021: \$273,419).
2. Consulting fees paid to Gold Star Industry Ltd, an entity in which Mr Geoff Baker has a beneficial interest, amounting to \$57,000 (2021: \$57,000).
3. Consulting fees paid to Chanticleer 168, an entity in which Mr Louis Chien has a beneficial interest, amounting to \$122,400 (2021: \$123,400).
4. Commission of \$1,495,212 (2021: \$308,550) received from Peninsula Gold Coast Development Pty Ltd, an entity in which Ms Min Yang has beneficial interest.
5. Commission of \$119,350 (2021: Nil) received from Paradise Development Holding Pty Ltd, an entity in which Ms Min Yang has beneficial interest.

***This concludes the remuneration report, which has been audited.***



### **Shares under option**

There were no unissued ordinary shares of ASF Group Limited under option outstanding at the date of this report.

### **Shares issued on the exercise of options**

There were no ordinary shares of ASF Group Limited issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

### **Indemnity and insurance of officers**

The company has in place Deeds with each of the Directors whereby the company has agreed to provide certain indemnities to each Director to the extent permitted by the Corporations Act and to use its best endeavours to obtain and maintain Directors' and Officers' indemnity insurance, subject to such insurance being available at reasonable commercial terms.

### **Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

### **Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

### **Non-audit services**

There were no non-audit services provided during the financial year by the auditor.

### **Officers of the company who are former partners of Nexia Sydney Audit Pty Ltd**

There are no officers of the company who are former partners of Nexia Sydney Audit Pty Ltd.

### **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.

**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 298(2)(a) of *the Corporations Act 2001*.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Min Yang', written over a horizontal line.

Min Yang  
Chairman

30 September 2022  
Sydney

To the Board of Directors of ASF Group Ltd

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

As lead audit director for the audit of the financial statements of ASF Group Limited for the financial year ended 30 June 2022, 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 audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely



**Nexia Sydney Audit Pty Ltd**



**Andrew Hoffmann**

Director

Date: 30 September 2022

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### **General information**

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

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

Suite 2, 3B Macquarie Street  
Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2022. The directors have the power to amend and reissue the financial statements.

**ASF Group Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2022**



	Note	Consolidated 2022 \$'000	2021 \$'000
<b>Revenue</b>	4	2,200	1,529
Finance income	4	85	94
Share of losses of associates accounted for using the equity method	6	(1,058)	(886)
Other income	5	406	1,599
<b>Expenses</b>			
Net gain on disposal of investment	6	-	5
Commission and fee expenses		(938)	(383)
Consultancy expenses		(802)	(1,245)
Marketing expenses		-	(52)
Employee benefits expense		(1,454)	(1,385)
Depreciation and amortisation expenses	6	(284)	(423)
Impairment of financial assets at fair value through profit or loss	6	(110)	(24)
Loss on disposal of plant and equipment	6	-	(5)
Impairment loss of financial assets	6	-	(3)
Legal and professional fees		(187)	(190)
Corporate and administration expenses		(277)	(190)
Occupancy expenses	6	(59)	19
Finance costs	6	(2,046)	(1,796)
<b>Loss before income tax expense</b>		(4,524)	(3,336)
Income tax expense	7	-	-
<b>Loss after income tax expense for the year</b>		(4,524)	(3,336)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(10)	(104)
<b>Total comprehensive income for the year</b>		(4,534)	(3,440)
Loss for the year is attributable to:			
Non-controlling interest		(462)	(103)
Owners of ASF Group Limited		(4,062)	(3,233)
		(4,524)	(3,336)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(462)	(103)
Owners of ASF Group Limited		(4,072)	(3,337)
		(4,534)	(3,440)
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	32	(0.51)	(0.41)
Diluted loss per share	32	(0.51)	(0.41)

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

	Note	Consolidated	
		2022 \$'000	2021 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	4,412	4,041
Trade and other receivables	9	263	246
Other assets	10	3	5
Total current assets		<u>4,678</u>	<u>4,292</u>
<b>Non-current assets</b>			
Other receivables	11	935	761
Investments accounted for using the equity method	12	10,313	11,477
Financial assets at fair value through profit or loss		31	55
Property, plant and equipment	13	60	77
Intangibles	14	3,585	3,347
Right of use assets	18	452	712
Total non-current assets		<u>15,376</u>	<u>16,429</u>
<b>Total assets</b>		<u>20,054</u>	<u>20,721</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	280	206
Employee benefits	16	200	163
Lease liabilities – current	18	254	242
Total current liabilities		<u>734</u>	<u>611</u>
<b>Non-current liabilities</b>			
Borrowings	17	23,955	19,950
Lease liabilities – non-current	18	201	455
Total non-current liabilities		<u>24,156</u>	<u>20,405</u>
<b>Total Liabilities</b>		<u>24,890</u>	<u>21,016</u>
<b>Net liabilities</b>		<u>(4,836)</u>	<u>(295)</u>
<b>Equity</b>			
Issued capital	19	122,669	122,676
Reserves	20	(2,374)	(2,364)
Accumulated losses		(123,320)	(119,258)
Equity attributable to the owners of ASF Group Limited		(3,025)	1,054
Non-controlling interest	30	(1,811)	(1,349)
<b>Total deficit</b>		<u>(4,836)</u>	<u>(295)</u>

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

	Issued capital \$'000	Reserves \$'000 (Note 20)	Accumulated losses \$'000	Non- controlling interest \$'000	Total equity \$'000
<b>Consolidated</b>					
Balance at 1 July 2020	122,688	(2,260)	(116,025)	(1,246)	3,157
Loss after income tax expense for the year	-	-	(3,233)	(103)	(3,336)
Other comprehensive income for the year, net of tax	-	(104)	-	-	(104)
Total comprehensive income for the year	-	(104)	(3,233)	(103)	(3,440)
<i>Transactions with owners in their capacity as owners:</i>					
Share buy-back (note 19)	(12)	-	-	-	(12)
Balance at 30 June 2021	122,676	(2,364)	(119,258)	(1,349)	(295)

	Issued capital \$'000	Reserves \$'000 (Note 20)	Accumulated losses \$'000	Non- controlling interest \$'000	Total equity \$'000
<b>Consolidated</b>					
Balance at 1 July 2021	122,676	(2,364)	(119,258)	(1,349)	(295)
Loss after income tax expense for the year	-	-	(4,062)	(462)	(4,524)
Other comprehensive income for the year, net of tax	-	(10)	-	-	(10)
Total comprehensive income for the year	-	(10)	(4,062)	(462)	(4,534)
<i>Transactions with owners in their capacity as owners:</i>					
Share buy-back (note 19)	(7)	-	-	-	(7)
Balance at 30 June 2022	122,669	(2,374)	(123,320)	(1,811)	(4,836)

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



	Note	Consolidated	
		2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		2,199	1,893
Government grants received		401	1,162
Payments to suppliers (inclusive of GST)		(3,813)	(3,592)
Interest received		10	4
Interest and other finance costs paid		-	(1,825)
Net cash used in operating activities	33	(1,203)	(2,358)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	13	(6)	(7)
Payments for intangibles	14	(238)	(72)
Net cash inflow for disposal of subsidiary		-	5
Proceeds from sale of property, plant and equipment		-	19
Advance of loan to related parties		(200)	(300)
Repayment of loans from related parties		300	1,640
Net cash (used in)/from investing activities		(144)	1,285
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		2,000	1,800
Payment for share buy-backs	19	(7)	(12)
Payment of principal portion of leases		(284)	(446)
Net cash from financing activities		1,709	1,342
Net increase in cash and cash equivalents		362	269
Cash and cash equivalents at the beginning of the financial year		4,041	3,833
Effects of exchange rate changes on cash and cash equivalents		9	(61)
Cash and cash equivalents at the end of the financial year		4,412	4,041

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

## 1. Significant accounting policies

These consolidated financial statements and notes are for the consolidated entity consisting of ASF Group Limited ("Company" or "parent entity") and its subsidiaries ("the Group").

These general purpose financial statements for the reporting period ended 30 June 2022 have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities.

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

The financial statements were authorised for issue in accordance with a resolution of the Directors on 30 September 2022.

### (a) New or amended Accounting Standards and Interpretations adopted

No new Australian Accounting Standards and Interpretations that have been issued but are not yet effective have been applied in the preparation of these consolidated financial statements. Such standards are not expected to have a material impact on the consolidated entity's financial statements on initial application.

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

### (b) 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 year ended 30 June 2022, the Group recorded a loss after income tax and non-controlling interest of \$4,062,000 (2021: \$3,233,000); showed net cash outflow from investing activities of \$144,000 (2021: net cash inflow of \$1,285,000) and net cash outflows from operating activities of \$1,203,000 (2021: \$2,358,000) and, as of that date, the Group's current assets exceeded its current liabilities by \$3,944,000 (2021: \$3,681,000). The net liability of the Group as of 30 June 2022 were \$4,836,000 (2021: net liability \$295,000).

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 or convertible notes 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 \$3.05 million in a convertible note facility available for draw down;
- The Group expects it will convert the convertible notes of \$21.95 million to equity or the facility will be extended before its 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;
- At year end, the estimated fair value of the investments accounted for using the equity method are approximately \$2 million more than the current carrying value;
- 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.

## 1. Significant accounting policies (continued)

The directors are of the opinion that the Group will continue to obtain additional capital as and when the 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.

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 30 June 2022. 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.

### (c) Comparatives

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

### (d) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies in this note. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### (e) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 29.

## 1. Significant accounting policies (continued)

### (f) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ASF Group Limited ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. ASF Group Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### (g) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

## 1. Significant accounting policies (continued)

### (h) Foreign currency translation

The financial statements are presented in Australian dollars, which is ASF Group Limited's functional and presentation currency.

#### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### (i) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

#### *Commission Revenue*

Commission revenue is primarily derived through the sale of properties. The Group holds formal agency contracts with property developers which specifies ASF's performance obligation to sell properties on behalf of the developers. The Group records commission revenues at a point-in-time, upon sale and/or settlement of a property.

The contract identifies the transaction price as a percentage of the sales price and this is allocated in entirety to the sale of the property. Whilst this is a variable consideration, there is no requirement by the Group, or risk for the Group, to estimate the value of the revenue transaction as no revenue is recognised until the sale has been completed.

## 1. Significant accounting policies (continued)

### *Corporate Services*

Corporate services are management services provided by ASF. The Group holds formal contracts with other entities for the provision of management services including corporate and accounting services. Each contract details the Group's performance obligations which vary with each contract. Management have determined that all services defined by each contract form part of a series of distinct services that are substantially the same.

The activities performed are provided daily/monthly and have the same pattern of transfer to the customer.

The Group recognises the revenue from these services over each service period, typically defined as a month. Each contract clearly states a fixed transaction price for each service period.

### *Rent*

Rent revenues are primarily earned via the leasing/renting and management of rental properties on behalf of property owners. The Group holds formal leasing contract with individual property owners. The contract defines the Group's performance obligations to lease and manage the rental properties on behalf of the owners. Management have determined that all performance obligations included in the contract form part of a series of distinct services that are substantially the same. The activities performed are provided daily/monthly and have the same pattern of transfer to the customer.

Management recognises revenue over each service period, typically defined as a day. The contract establishes a fixed price for each rental property which is recognised as the service is provided.

### *Marketing*

Marketing revenues are earned by marketing campaigns the Group performs in relation to the sale of the properties. The Group does not typically obtain formal contracts with customers but agrees on the performance obligations. These performance obligations require the Group to deliver a marketing campaign, for a period of time, for a fixed price.

Management have determined that all marketing activities included in a mutually agreed-upon performance form part of a series of distinct services that are substantially the same. The activities performed are provided daily/monthly and have the same pattern of transfer to the customer.

The Group applies the transaction price in full to the series of activities. Revenue is recognised upon completion of the activity.

## 1. Significant accounting policies (continued)

### (j) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

ASF Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.



## 1. Significant accounting policies (continued)

### (k) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### (l) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (m) Financial instrument

#### *Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### *Classification and initial measurement of financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

## 1. Significant accounting policies (continued)

### *Subsequent measurement of financial assets*

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through profit or loss (FVPL)
- debt instruments at fair value through other comprehensive income (FVOCI)
- equity instruments at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

### *Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

### *Financial assets at fair value through profit or loss (FVPL)*

Financial assets that are held within a business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

### *Impairment of financial assets*

AASB 9's impairment model use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. The application of the impairment model depends on whether there has been a significant increase in credit risk.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

## 1. Significant accounting policies (continued)

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

### *Trade and other receivables and contract assets*

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

All financial assets, except for those at fair value through profit or loss (FVPL) and equity investments at fair value through other comprehensive income (equity FVOCI), are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

### *Classification and measurement of financial liabilities*

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

### *Interest Income*

Interest income from financial assets at FVPL is included in the net fair value gains / (losses) on these assets. Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in the statement of profit or loss as part of other income.

## (n) Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

**(o) Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value basis over the useful lives to the consolidated entity commencing from the time the assets is held ready for use. The following estimated useful lives are used in the calculation of depreciation:

Plant and equipment	25% - 37.5%
Leasehold improvements	37.5%
Motor vehicles	20%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

## 1. Significant accounting policies (continued)

### (p) Leases

#### *As a lessee*

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities as separate items in the statement of financial position.

#### **Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment.

The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## 1. Significant accounting policies (continued)

### (q) Intangible assets

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

#### *Exploration and evaluation expenditure*

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where: it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence, or otherwise, of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed.

### (r) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

## 1. Significant accounting policies (continued)

### (s) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. It is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income is presented as a credit in profit or loss, under "Other income".

### (t) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### (u) Employee benefits

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### (v) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

## 1. Significant accounting policies (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### (w) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (x) Earnings per share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of ASF Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### (y) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### (z) 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.



## 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Estimation of useful lives of assets*

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

### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

### *Intangibles - mining exploration and evaluation expenditures*

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

### *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### *Impairment of investments in associates*

The Group makes significant judgements about the impairment of a number of its investments in associates. The Group follows the guidance in AASB 136 'Impairment of Assets' to determine when an investment is impaired or when a previously recognised impairment is reversed. This determination requires significant judgement. In making this judgement the Group evaluates the outlook of the investee, including factors such as industry performance and the prospective potential of underlying exploration and evaluation assets.

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

### *Investments in associates accounted for using the equity method where voting rights below 20%*

Management has determined that the Group has significant influence over its investments in Rey Resources Limited, ActivEX Limited, Key Petroleum Ltd and BSF Enterprise PLC (the Group has significant influence through its subsidiary) and that such investees should be treated as associates that are therefore equity accounted pursuant to AASB 128 Investments in Associates and Joint Ventures despite the Group's interest in voting rights in each investee being less than 20%. This judgement has been made having regard to the Group's substantial shareholding in each investee approaching 20% combined with the fact that 2 directors of the company (or 3 directors in Key Petroleum Ltd) are also directors of the respective investee. The Group also uses its judgement in assessing the timing of when significant influence changes and therefore when an investment either becomes an associate or ceases to be an associate.

### *Control over investee with a shareholding of 50%*

Management has determined that the Group has control over its investment in BSF Angel Funding Limited. Although the company only holds 50% of the interest in the investee, the Group has the majority of the board representation of the investee, therefore have the power to direct the relevant activities of the investee. The Group is also exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. As such, the investee is treated as a subsidiary and is consolidated in accordance with AASB 10.

### *Accounting for leases (lease term and incremental borrowing rate)*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

## 3. Operating segments

### *Identification of reportable operating segments*

The Group's operating segment is based on the internal reports that are reviewed and used by the Board of Directors (being the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The Group operates as an investment and trading house. The Group is a diversified investment company with an international outlook and a focus on the property, resources, technology and financial services.

The Group has one reportable segment which is as shown in the statement of profit or loss and other comprehensive income. Refer to statement of financial position for assets and liabilities.

#### 4. Revenue

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Disaggregated revenue information</b>		
<b>Sales revenue</b>		
Commission revenue	1,641	613
Corporate services	559	916
	2,200	1,529
<b>Finance income – interest income</b>	85	94
<b>Geographical markets</b>		
Australia	2,155	1,455
Asia	45	74
	2,200	1,529
<b>Timing of revenue recognition</b>		
Service recognised at a point in time	1,641	613
Services transferred over time	559	916
	2,200	1,529

#### 5. Other income

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Gain on disposal of plant and equipment	-	8
Reversal of impairment of investment	-	403
Sundry income	108	77
R&D Rebate	203	797
Government grants **	95	314
	406	1,599
Other income	406	1,599

\*\* Government grants consist of Cash Boost and Furlough Payments.

## 6. Expenses

	Consolidated	
	2022 \$'000	2021 \$'000
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	1	1
Plant and equipment	22	27
Total depreciation	23	28
Amortisation - right of use assets	261	395
Total depreciation and amortisation	284	423
<i>Loss on disposal of investment</i>		
<i>(Gain)/loss on disposal of investment</i>		
IAF II General Partner Pty Ltd	-	(5)
Total loss on disposal of investment	-	(5)
<i>Impairment of non-financial assets</i>		
Impairment of financial assets at fair value through profit or loss	110	24
Loss on disposal of plant and equipment	-	5
Total Impairment of non-financial assets	110	29
<i>Impairment of financial assets</i>		
Allowance for expected credit loss	-	3
Total impairment loss of financial assets	-	3
<i>Share of losses of associates</i>		
Rey Resources Limited	294	216
ActivEX Limited	346	131
Key Petroleum Limited	140	384
3D Bio-Tissues Ltd	232	155
BSF Enterprise PLC	46	-
Total share of losses of associates	1,058	886
<i>Finance costs</i>		
Interest and finance charges paid/payable	2,012	1,742
Interest expense on lease	34	54
Total finance costs	2,046	1,796
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	59	(19)
<i>Superannuation expense</i>		
Defined contribution superannuation expense	94	90

## 7. Income tax expense

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(4,524)	(3,336)
Tax at the statutory tax rate of 25% (2021: 26%)	(1,131)	(867)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	1	1
Impairment of assets	27	6
Share of loss - associates	195	190
Other adjustments	151	257
Current year tax losses not recognised	(374)	(413)
Income tax expense	374	413
	-	-

At 30 June 2022, the Group has carry forward tax losses of approximately \$48.9 million (2021: \$47.4 million).

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

## 8. Current assets - cash and cash equivalents

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash on hand and at bank	4,412	4,041

## 9. Current assets - trade and other receivables

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	263	41
Other receivables	-	1
Loan receivable from associate – Key Petroleum Limited	-	204
	-	205
<i>Loan Receivable</i>	263	246

On 22 October 2020, the Company entered into a loan agreement with its associate, Key Petroleum Limited (ASX: KEY). Pursuant to the agreement the Company would provide an unsecured loan facility of \$250,000 to KEY at an interest rate of 10% per annum maturing 30 September 2021. Balance for FY2022 is disclosed as non-current assets. Refer note 11.

## 10. Current assets – others

	Consolidated	
	2022	2021
	\$'000	\$'000
Prepayments	3	5
	<u>3</u>	<u>5</u>

## 11. Non-current assets - Other receivables

	Consolidated	
	2022	2021
	\$'000	\$'000
Deposits	117	122
Loan receivable from associate – Rey Resources Limited <sup>1</sup>	718	639
Loan receivable from associate – Key Petroleum Limited <sup>2</sup>	100	-
	<u>935</u>	<u>761</u>

- 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. On 31 December 2019, the parties agreed to reduce the loan facility amount from \$3.8 million to \$2 million and to extend the maturity date to 31 March 2020 which has subsequently been further extended to 31 October 2023.
- On 28 April 2022, the Company entered into a loan facility agreement with KEY pursuant to which the Company would grant an unsecured loan facility of up to \$250,000 to KEY, which bears an interest rate of 10% per annum maturing 31 December 2023.

## 12. Non-current assets - investments accounted for using the equity method

	Consolidated	
	2022	2021
	\$'000	\$'000
Rey Resources Limited (ASX: REY)	8,804	9,098
ActivEX Limited (ASX: AIV)	621	968
Key Petroleum Limited (ASX: KEY)	451	676
3D Bio-Tissues Ltd <sup>1</sup>	-	735
BSF Enterprise PLC (LSE: BSFA) <sup>1</sup>	437	-
	<u>10,313</u>	<u>11,477</u>

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

- Upon successful completion of the reverse takeover of 3D Bio-Tissues Ltd ("3DBT") by BSF Enterprise PLC (LSE: BSFA), a publicly listed independent company incorporated in the UK, which had been re-admitted to the Official List on the London Stock Exchange's Main Market on 17 May 2022, 3DBT is now a 100% owned subsidiary of BSFA.

In consideration for the sale of the Company's interest in 3DBT to BSFA, BSF Angel Funding Limited, a subsidiary of the Company, received 16,610,944 fully paid ordinary shares representing approximately 19.36% of the issued capital of BSFA. The transaction has been accounted for as a contribution of a non-monetary asset to an associate in exchange for an equity interest in the associate. The Group has determined that any gain or loss on the transaction is regarded as unrealised and is not recognised.

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

**Consolidated**  
**2022**                      **2021**  
**\$'000**                      **\$'000**

Leasehold improvements - at cost	154	154
Less: Accumulated depreciation	(153)	(152)
	1	2
Plant and equipment - at cost	427	417
Less: Accumulated depreciation	(368)	(342)
	59	75
	60	77

*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>	<b>Leasehold improvements \$'000</b>	<b>Plant and equipment \$'000</b>	<b>Motor Vehicles \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2020</b>	5	98	16	119
Additions	-	7	-	7
Disposal	(2)	(2)	(16)	(20)
Exchange differences	-	(1)	-	(1)
Depreciation expense	(1)	(27)	-	(28)
	2	75	-	77
<b>Balance at 1 July 2021</b>	2	75	-	77
Additions	-	6	-	6
Depreciation expense	(1)	(22)	-	(23)
	1	59	-	60
<b>Balance at 30 June 2022</b>	1	59	-	60

#### 14. Non-current assets – intangibles

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Mining exploration and evaluation expenditures – at cost	3,585	3,347

#### *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>	<b>Total \$'000</b>
Balance at 1 July 2020	3,275
Additions	72
	<hr/>
Balance at 30 June 2021	3,347
Additions	238
	<hr/>
Balance at 30 June 2022	3,585

The recoverability of the carrying amount of the mining exploration and evaluation expenditures is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

#### 15. Current liabilities - trade and other payables

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	77	76
Other payables	203	130
	<hr/>	<hr/>
	280	206

Refer to note 22 for further information on financial instruments.

#### 16. Current liabilities - employee benefits

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Employee benefits	200	163

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.



## 17. Non-current liabilities - borrowings

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Convertible notes payable	23,955	19,950
<i>Convertible notes payable</i>		

With the continuing support from Star Diamond Developments Limited ("Star Diamond"), on 18 June 2021 Star Diamond agreed to increase the loan facility by \$2 million to a total of \$25 million ("SD Facilities") and to extend the maturity date of the SD Facilities for two years to 31 October 2023. As of 30 June 2022, a total of \$21.95 million SD Facilities has been drawn down with remaining \$3.05 million available for further draw down by the Company. The interest that is capitalized and included in the year end balance is excluded from the \$25 million SD Facilities and does not form part of the SD Facilities available for draw down by the Company.

## 18. Leases

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Right of use assets</i>		
Opening balance	712	1,107
Amortisation	(260)	(395)
Closing balance	452	712
<i>Lease liabilities</i>		
Current	254	242
Non-current	201	455
Total lease liabilities	455	697

The entity leases in certain properties on operating leases for the purpose of office premise on long term basis. These leases typically have an option to the entity to renew the lease after the expiry of the original term for another long term. There are no options to purchase the underlying assets. Significant number of leases held by the entity requires lease payments that are subjected to an annual review based on movement in CPI index. When there is an increase in CPI index there is an increase in lease rentals for the subsequent year. Other leases have fixed increase in rent payments over the original lease term. If the entity opts to renew the lease the existing lease rentals are subjected to market review. Hence the future impact of such increase in cash outflows is not capable of being reasonably estimated.

The lease liabilities have been calculated without considering the renewal option in these leases as the original lease term. This is because of the lack of information regarding future rent and business needs which does not enable determining whether there is an economic incentive to exercise the option. Lease payments that are variable based on CPI index have been included in the calculation of the lease liability using the index or rate as at the commencement date.

For a maturity analysis of lease liabilities relating to existing operating leases, please refer to note 22.

## 19. Equity - issued capital

Consolidated	2022 Shares	Consolidated		
		2021 Shares	2022 \$'000	2021 \$'000
Ordinary shares – fully paid	792,573,774	792,726,289	122,669	122,676

### *Movement in ordinary share capital*

Details	Date	Shares	Issue price	\$'000
Balance	30 June 2020	792,925,065		122,688
Share buy-back	1 July 2020 – 30 June 2021	(198,776)	\$0.060	(12)
Balance	30 June 2021	792,726,289		122,676
Share buy-back	1 July 2021 – 30 June 2022	(152,515)	\$0.044	(7)
Balance	30 June 2022	792,573,774		122,669

### *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 152,215 shares at a cost of \$7,000.

On 4 July 2022, the Company announced the extension of its on-market share buyback program for a further 12 months from 18 July 2022 and up to 79.2 million shares of the Company can be bought back over the next 12 months under the new buyback program.

### *Capital risk management*

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The Group is actively pursuing additional investments as it continues to integrate and grow its existing businesses in order to maximise synergies.

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

The capital risk management policy remains unchanged from the 30 June 2021 Annual Report.

## 20. Equity - reserves

	Consolidated	
	2022 \$'000	2021 \$'000
Foreign currency reserve	114	124
Acquisition of Non-controlling interests reserve	(2,802)	(2,802)
Capital reserve	314	314
	(2,374)	(2,364)

### *Foreign currency reserve*

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

### *Acquisition of Non-controlling interest reserve*

The reserve is used to record balances transferred from non-controlling interest when the disposal of subsidiaries occurs.

### *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.

Consolidated	Foreign currency reserve \$'000	Acquisition of Non- controlling interest reserve \$'000	Capital reserve \$'000	Total \$'000
Balance at 1 July 2020	228	(2,802)	314	(2,260)
Foreign currency translation	(104)	-	-	(104)
	124	(2,802)	314	(2,364)
Balance at 1 July 2021	124	(2,802)	314	(2,364)
Foreign currency translation	(10)	-	-	(10)
Balance at 30 June 2022	114	(2,802)	314	(2,374)

## 21. Equity - dividends

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

## 22. Financial instruments

### ***Financial risk management objectives***

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance reports to the Board on a monthly basis.

### ***Market risk***

#### *Foreign currency risk*

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. However, the foreign currency exposure is limited due to the size of transactions in currencies that is not the entity's functional currency.

#### *Price risk*

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the statement of financial position as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk.

The Group's exposure to market price risk arises from its investments in shares in listed corporations which are subject to significant risk of changes in value from changing market prices. The risk is monitored and managed by having appropriate investment strategies in place.

Equity investments are publicly traded on the Australian Securities Exchange (ASX). If there was a 10% increase or decrease in the share price of Kaili Resources Limited (ASX: KLR), with all other variables held constant, the Group's profit before tax would have been \$3,080 higher/ \$3,080 lower (2020: \$5,500 higher/ \$5,500 lower). The percentage change is the expected overall volatility of the investments, which is based on management's assessment of reasonable possible fluctuations.

#### *Interest rate risk*

The Group's main interest rate risk arises from borrowings comprising convertible notes and loan payable and cash at bank.

Due to the short-term nature of the borrowings and fixed interest rate the Group's exposure to interest rate risk is limited to interest on cash at bank.

An official increase/decrease in interest rates of 50 (2021: 50) basis points would have a favourable/adverse effect on profit before tax of \$22,060 (2021: \$20,000) per annum.

## 22. Financial instruments (continued)

### ***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

In assessing the Expected Credit Losses ("ECL") of trade receivables management assesses historical write offs of trade receivables, aging of debtors and whether sufficient credit enhancement is provided by customers (letters of credit and bank guarantees). If the aging of trade receivables significantly increased then the recognition of ECL would need to be reassessed.

Receivables will only be written off if there is demonstrable evidence that there is no reasonable expectation of recovery.

There was no provision for lifetime or 12 month ECL recognised for trade receivables as at 30 June 2022 as there are minimal aged debts.

The credit risk on cash and cash equivalents is limited as the counterparties are banks with credit-ratings assigned by international credit-rating agencies that are at least investment grade.

The maximum exposure to credit risk on financial assets which have been recognised in the balance sheet is their carrying amount less impairment provision, if any as set out below.

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	4,412	4,041
Trade and other receivables	1,198	1,007
	<hr/>	<hr/>
	5,610	5,048
	<hr/>	<hr/>

### ***Liquidity risk***

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

## 22. Financial instruments (continued)

### Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2022	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	77	-	-	-	77
Other payables	-	203	-	-	-	203
Lease liabilities	6 to 7%	254	201	-	-	455
Convertible notes payable	10%	-	23,955	-	-	23,955
Total non-derivatives		534	24,156	-	-	24,690

### Consolidated - 2021

<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	76	-	-	-	76
Other payables	-	130	-	-	-	130
Lease liabilities	6 to 7%	242	254	201	-	697
Convertible notes payable	10%	-	24,139	-	-	24,139
Total non-derivatives		448	24,393	201	-	25,042

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

## 23. Fair value measurement

### Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

### 23. Fair value measurement (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Consolidated – 2022</b>				
<i>Assets</i>				
Investments at fair value through profit or loss	31	-	-	31
Total assets	31	-	-	31
<b>Consolidated - 2021</b>				
<i>Assets</i>				
Investments at fair value through profit or loss	55	-	-	55
Total assets	55	-	-	55

There were no transfers between levels during the financial 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.

### 24. Key management personnel disclosures

#### *Compensation*

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	718,041	725,672
Post-employment benefits	28,953	30,651
Long-term benefits	2,833	2,833
	<u>749,827</u>	<u>759,156</u>

### 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Nexia Sydney Audit, the auditor of the company, and unrelated firms:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services – Nexia Sydney Audit</i>	95,267	100,297
<i>Grant Thornton</i>	-	6,588
Audit or review of the financial statements	<u>95,267</u>	<u>106,885</u>
<i>Audit services - unrelated firms</i>		
Audit or review of the financial statements	<u>4,609</u>	<u>4,910</u>
<i>Other services - unrelated firms</i>		
Tax compliance service	<u>4,910</u>	<u>8,800</u>
	<u>104,786</u>	<u>120,595</u>

## 26. Contingencies

The Group has given bank guarantees as at 30 June 2022 of \$117,345 (30 June 2021: \$102,314).

## 27. Commitments

	Consolidated	
	2022 \$'000	2021 \$'000
<i>Capital commitments - Exploration and evaluation</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	15,414	740
One to five years	11,449	26,842
	26,863	27,582

Capital commitments relate to minimum annual expenditure required to be incurred by the Group under exploration licenses for tenements in Queensland. The Company has the ability to defer the payments to a later year.

## 28. Related party transactions

### *Parent entity*

ASF Group Limited is the parent entity.

### *Subsidiaries*

Interests in subsidiaries are set out in note 30.

### *Associates*

Interests in associates are set out in note 31.

### *Key management personnel*

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



## 28. Related party transactions (continued)

### *Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Sale of goods and services:		
Corporate service fee paid by associates	364,800	137,250
Property sale commission paid by Peninsula Gold Coast Development Pty Ltd, an entity in which Ms Min Yang has beneficial interest	1,495,212	308,550
Property sale commission paid by Paradise Development Holding Pty Ltd, an entity in which Ms Min Yang has beneficial interest	119,350	-
Payment for other expenses:		
Rent paid to SPC Investments Pty Ltd, an entity in which Ms Min Yang has a beneficial interest	273,419	273,419
Consulting fees paid to Gold Star Industry Ltd, an entity in which Mr Geoff Baker has a beneficial interest	57,000	57,000
Consulting fees paid to Chanticleer 168, an entity in which Mr Louis Chien has a beneficial interest	122,400	123,400

### *Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

#### Current payables:

Trade payables to Gold Star Industry Limited - a related entity of Director Geoff Baker	29,063	10,104
Trade receivable from Peninsula Gold Coast Development Pty Ltd - a related entity of Director Min Yang	79,615	153,396
Trade receivable from Paradise Development Holding Pty Ltd - a related entity of Director Min Yang	115,019	153,396

### *Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

#### Current receivables:

Loan to associate – Key Petroleum Ltd	-	203,671
Non-current receivables:		
Loan to associate – Rey Resources Ltd	717,658	639,431
Loan to associate – Key Petroleum Ltd	100,000	-

### *Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

## 29. Parent entity information

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

### *Statement of profit or loss and other comprehensive income*

	Parent	
	2022 \$'000	2021 \$'000
Profit/(Loss) after income tax	(1,836)	(9,729)
Total comprehensive income	(1,836)	(9,729)

### *Statement of financial position*

	Parent	
	2022 \$'000	2021 \$'000
Total current assets	2,287	1,823
Total assets	23,603	21,441
Total current liabilities	1,786	1,786
Total liabilities	25,741	21,736
Equity		
Issued capital	122,669	122,676
Non-controlling interests reserve	314	314
Accumulated losses	(125,121)	(123,285)
Total equity	(2,138)	(295)

### *Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

### *Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

### *Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

### *Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity.

### 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2022 %	2021 %
ASF China Holdings Limited	British Virgin Islands	100%	100%
ASF Consortium Pty Ltd	Australia	100%	100%
ASF Corporate Pty Ltd	Australia	100%	100%
ASF Energy Pty Ltd *	Australia	-	100%
ASF (Hong Kong) Ltd	Hong Kong	100%	100%
ASF Investor Service Centre Pty Ltd (formerly ASF Metals Pty Ltd) *	Australia	-	100%
ASF Oil and Gas Holdings Pty Ltd	Australia	100%	100%
ASF Properties Pty Ltd	Australia	100%	100%
ASF Resources Pty Ltd	Australia	100%	100%
BSF International Ltd	United Kingdom	100%	100%
ASF Capital Pty Ltd	Australia	100%	100%
ASF Capital Investment Fund	Australia	100%	100%
ASF Capital Secure Fund	Australia	100%	100%
ASF Venture Fund	Australia	100%	100%

\* Deregistered on 25 August 2021

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Principal activities	Parent Ownership interest		Non-controlling interest Ownership interest	
			2022 %	2021 %	2022 %	2021 %
Civil and Mining Resources Pty Ltd	Australia	Exploration	69%	69%	31%	31%
ASF Technologies (Australia) Pty Ltd	Australia	Development of SYTECH technologies	62%	62%	38%	38%
BSF Angel Funding Limited *	United Kingdom	Investment holding	50%	50%	50%	50%

\* Incorporated in the United Kingdom on 25 November 2019 for holding investment in BSF Enterprise PLC (refer to note 12).

### 30. Interests in subsidiaries (continued)

#### Summarised financial information

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

	Civil and Mining Resources Pty Ltd		ASF Technologies (Australia) Pty Ltd	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Summarised statement of financial position</i>				
Current assets	24	14	583	862
Non-current assets	3,414	3,181	264	286
Total assets	3,438	3,195	847	1,148
Current liabilities	8,205	7,213	-	60
Total liabilities	8,205	7,213	-	60
Net assets/(liabilities)	(4,767)	(4,018)	847	1,088
<i>Summarised statement of profit or loss and other comprehensive income</i>				
Revenue	3	-	239	1,398
Expenses	(752)	(677)	(479)	(913)
Profit/(Loss) before income tax expense	(749)	(677)	(240)	485
Income tax expense	-	-	-	-
Profit/(Loss) after income tax expense	(749)	(677)	(240)	485
Other comprehensive income	-	-	-	-
Total comprehensive income	(749)	(677)	(240)	485
<i>Statement of cash flows</i>				
Net cash used in operating activities	(247)	(74)	(275)	497
Net cash from/(used in) investing activities	5	23	-	-
Net cash from financing activities	242	20	-	-
Net (decrease)/increase in cash and cash equivalents	-	(31)	(275)	497
<i>Other financial information</i>				
Profit/(Loss) attributable to non-controlling interests	(232)	(210)	(91)	184
Accumulated non-controlling interests at the end of reporting period	(2,413)	(2,181)	351	442

The total accumulated non-controlling interests at the end of the reporting period is \$1,811,000 (2021: \$1,349,000).

**31. Interests in associates**

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>2022 %</b>	<b>2021 %</b>
ASF Macau Multinational Holdings Ltd (1)	British Virgin Islands	<b>40.00%</b>	40.00%
Key Petroleum Ltd (2)	Australia	<b>11.45%</b>	11.45%
Rey Resources Limited (3)	Australia	<b>16.36%</b>	16.36%
ActivEX Limited (4)	Australia	<b>16.08%</b>	19.63%
UK International Innovation Centre Limited (5)	United Kingdom	<b>20.00%</b>	20.00%
3D Bio-Tissues Ltd (6)	United Kingdom	-	24.50%
BSF Enterprise PLC (6)	United Kingdom	<b>9.68%</b>	-

(1) Investment in this entity has been fully impaired.

(2) Strategic investment for the Group, entity involved in oil and gas operations.

(3) Strategic investment for the Group, entity involved in exploring and developing energy resources.

(4) Strategic investment for the Group, entity involved in mineral exploration targeting copper-gold and gold mineralisation.

(5) Strategic investment for the Group, entity involved in the development of an incubation centre for development of early stage technology and life science businesses.

(6) Strategic investment for the Group, entity involved in the development of 3D tissue aimed to offer superior tissue replicates for the clinical and food markets. The investment is held through BSF Angel Funding Limited which the Group has an interest of 50% (note 12).

### 31. Interests in associates (continued)

Summarised financial information

	Key Petroleum Ltd		Rey Resources Ltd		ActivEX Ltd		3D Bio-Tissues Ltd #		BSF Enterprise PLC #	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Summarised statement of financial position</i>										
Current assets - cash and cash equivalents	40	46	172	36	1,147	107	-	363	685	-
Current assets - others	628	937	12	57	682	60	-	-	216	-
Non-current assets	1,495	1,432	38,721	34,961	8,488	9,420	-	154	1,457	-
Total assets	2,163	2,415	38,905	35,054	10,317	9,587	-	517	2,358	-
Current liabilities - others	628	775	121	76	600	82	-	51	110	-
Non-current liabilities - others	-	6	16,371	10,767	2,783	3,636	-	-	-	-
Total liabilities	628	781	16,492	10,843	3,383	3,718	-	51	110	-
Net assets	1,535	1,634	22,413	24,211	6,934	5,869	-	466	2,248	-
<i>Summarised statement of profit or loss and other comprehensive income</i>										
Revenue	10	745	-	68	2	68	-	194	16	-
Interest income	1	5	-	-	-	-	-	-	-	-
Depreciation and amortisation	(2)	(41)	-	-	(3)	(1)	-	-	-	-
Expenses	(1,231)	(4,065)	(1,798)	(1,391)	(1,953)	(736)	-	(516)	(87)	-
Loss before income tax	(1,222)	(3,356)	(1,798)	(1,323)	(1,954)	(669)	-	(322)	(71)	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	(1,222)	(3,356)	(1,798)	(1,323)	(1,954)	(669)	-	(322)	(71)	-

\* Based on the draft financial statements provided by the associate. As a result, there may be difference on the share of loss estimated and recognised, compared with the actual audited figures.

31. Interests in associates (continued)

	Key Petroleum Ltd		Rey Resources Ltd		ActivEX Ltd		3D Bio-Tissues Ltd #^		BSF Enterprise PLC #^	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Reconciliation of the Group's carrying amount</i>										
Opening carrying amount	676	658	9,099	9,315	968	1,099	-	933	483	-
Share of loss after income tax	(140)	(384)	(295)	(216)	(347)	(131)	-	(155)	(46)	-
Foreign exchange difference	-	-	-	-	-	-	-	(43)	-	-
(Impairment)/Reversal of impairment	(85)	402	-	-	-	-	-	-	-	-
Acquisition of investment	-	-	-	-	-	-	-	-	-	-
Revaluation of investment	-	-	-	-	-	-	-	-	-	-
Closing carrying amount	451	676	8,804	9,099	621	968	-	735	437	-
Quoted fair value	451	676	9,013	9,360	1,043	5,911	-	-	1,828	-

# Upon completion of the reverse takeover of 3D Bio-Tissues Ltd ("3DBT") by BSF Enterprise PLC (LSE: BSFA), 3DBT is now a 100% owned subsidiary of BSFA (refer to note 12).

^ The opening carrying amount of BSF Enterprise PLC represented the closing carrying amount of 3D Bio-Tissues Ltd as at 17 May 2022, being the date of completion of the reverse takeover.

*Contingent liabilities*

Contingent liabilities as at 30 June 2022 nil (30 June 2021: Nil)

*Commitments*

Share of commitments but not recognised as liability as at 30 June 2022 nil (30 June 2021: Nil)

**32. Earnings per share**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax	(4,524)	(3,336)
Non-controlling interest	462	103
	<hr/>	<hr/>
Loss after income tax attributable to the owners of ASF Group Limited	(4,062)	(3,233)
	<hr/> <hr/>	<hr/> <hr/>
	<b>Number</b>	<b>Number</b>
Weighed average number of ordinary shares used in calculating basic earnings per share	792,690,658	792,789,766
Weighed average number of ordinary shares used in calculating diluted earnings per share	<hr/>	<hr/>
	792,690,658	792,789,766
	<hr/> <hr/>	<hr/> <hr/>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.51)	(0.41)
Diluted earnings per share	(0.51)	(0.41)

**33. Cash flow information**

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

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax expense for the year	(4,524)	(3,336)
Adjustments for:		
Depreciation and amortisation	284	423
Share of loss - associates	1,058	886
Impairment (reversal)/loss of investment in associates	-	(403)
Loss on disposal of property, plant and equipment	-	2
Bad debts	-	3
Net fair value loss on investments	110	24
Interest expense	2,046	(29)
Gain on disposal of investment	-	(5)
Change in operating assets and liabilities:		
Change in trade and other receivables	(288)	186
Change in trade and other payables	111	(109)
	<hr/>	<hr/>
Net cash used in operating activities	(1,203)	(2,358)
	<hr/> <hr/>	<hr/> <hr/>



### 33. 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 30 June 2020	18,156	-	-	18,156
Net cash (used in)/from financing activities	-	-	-	-
Loan drawdown	1,800	-	-	1,800
Interest payable	1,819	-	-	1,819
Other	(1,825)	-	-	(1,825)
	<hr/>			
Balance at 30 June 2021	19,950	-	-	19,950
Net cash (used in)/from financing activities	-	-	-	-
Loan drawdown	2,000	-	-	2,000
Interest payable	2,005	-	-	2,005
Other	-	-	-	-
	<hr/>			
Balance at 30 June 2022	<u>23,955</u>	<u>-</u>	<u>-</u>	<u>23,955</u>

### 34. Events after the reporting period

On 4 July 2022, the Company announced the extension of its on-market share buyback program for a further 12 months from 18 July 2022 and up to 79.2 million shares of the Company can be bought back over the next 12 months under the new buyback program.

No other matters or circumstances that have arisen since 30 June 2022 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.

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



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Min Yang  
Chairman

30 September 2022  
Sydney

## Independent Auditor's Report to the Members of ASF Group Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of ASF Group Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Group in accordance with 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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to Note 1(b) in the financial report, which indicates that the Company incurred a net loss after providing for income tax and non-controlling interest of \$4,062,000 during the year ended 30 June 2022, had net liabilities of \$4,836,000 and incurred net cash outflows from operating activities of \$1,203,000. As stated in Note 1, 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.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Investments accounted for using the equity method</b></p> <p>Refer to note 12 (Investments accounted for using the equity method).</p> <p>As at 30 June 2022, the Group has investments in four entities, which amount to \$10,313m. These investments are recognised in accordance with AASB 128 <i>Investments in Associates and Joint Ventures</i>.</p> <p>AASB 128 requires management to assess their level of influence over the investments and thus determine the appropriate accounting classification. Once the determination has been made, it requires management to recognise their share of the profits/losses of the investee.</p> <p>Management is also required to assess the investments for indicators of impairment at each reporting date.</p> <p>During the year, one of the Group's associates, 3D Bio-Tissues Ltd ('3DBT') of which the Group held a 49% interest, was subject to a reverse takeover by BSF Enterprises PLC. As a result of this transaction, the Group's interest reduced to 19.36%.</p> <p>This is a key audit matter due to the materiality of the balance at reporting date and the judgement required by management to conclude that the accounting treatment under AASB128 is appropriate.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>obtaining and reviewing management's assessment regarding the appropriate classification of investments;</li> <li>obtaining supporting information regarding the Group's ownership of investments;</li> <li>obtaining supporting evidence from the investee's independent auditors to confirm amounts disclosed in the financial statements of the associates;</li> <li>reviewing management's calculations of their share of the profit or loss of the investments accounted for using the equity method and verifying to supporting documentation;</li> <li>assessing whether management's accounting treatment of the 3DBT transaction is consistent with the requirements of AASB 128 and transaction documentation;</li> <li>considering management's impairment assessment of investments accounted for using the equity method; and</li> <li>assessing the appropriateness of the related disclosures within the financial statements.</li> </ul>
<p><b>Intangibles – exploration and evaluation expenditure</b></p> <p>Refer to note 14 (Intangible assets)</p> <p>The Group recognises capitalised exploration and evaluation expenditure in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources.</p> <p>As at 30 June 2022, exploration and evaluation assets amounted to \$3.585m. During the year, the Group capitalised \$238k of costs to exploration and evaluation assets in relation to the exploration projects.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>assessing management's policy for exploration and evaluation expenditure for compliance with AASB 6;</li> <li>obtaining from management a reconciliation of capitalised exploration and evaluation expenditure and agreeing that to the general ledger;</li> <li>examining a sample of expenditure items to assess whether they meet the recognition criteria under management's capitalisation policy and AASB 6;</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>The Group's accounting policy in respect of the exploration assets is outlined in note 1(q).</p> <p>The Group did not recognise any impairment in relation to exploration and evaluation expenditure during the period.</p> <p>This is a key audit matter because the carrying value of the assets are material to the financial statements and significant judgements have been applied in determining whether an indicator of impairment exists.</p>	<ul style="list-style-type: none"> <li>• assessing the appropriateness of the related disclosures within the financial statements; and</li> <li>• in assessing whether an indicator of impairment exists in relation to the Group's exploration assets in accordance with AASB 6, we: <ul style="list-style-type: none"> <li>• obtained an understanding of the status of ongoing exploration programmes for the respective areas of interest.</li> <li>• discussed with management the Group's ability and intention to undertake further exploration activities.</li> <li>• tested the rights to tenure of the areas of interest remained current at balance date.</li> </ul> </li> </ul>

### Other information

The Directors are responsible for the other information. The other information comprises the information in ASF Group Limited's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

### Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: [www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](http://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf). This description forms part of our auditor's report.

## **Report on the Remuneration Report**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 8 to 14 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of ASF Group Limited for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

### **Responsibilities**

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**Nexia Sydney Audit Pty Limited**



**Andrew Hoffmann**

Director

Dated: 30 September 2022

The shareholder information set out below was applicable as at 26 September 2022.

### Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	1,356	-
1,001 to 5,000	993	-
5,001 to 10,000	338	-
10,001 to 100,000	363	-
100,001 and over	92	-
	<u>3,142</u>	<u>-</u>
Holding less than a marketable parcel	<u>2,687</u>	<u>-</u>

### Equity security holders

#### Twenty largest quoted equity security holders

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

	Ordinary shares Number held	% of total shares issued
FY HOLDINGS LIMITED	86,914,266	10.966%
EVERBRIGHT SECURITIES INVESTMENT SERVICES (HK) LTD <CLIENTS A/C>	76,534,488	9.656%
XIN ZHANG	46,000,000	5.804%
WAI SANG HO	44,808,270	5.654%
RISING GAIN HOLDINGS LIMITED	39,214,563	4.948%
MILE OCEAN LIMITED	39,000,000	4.921%
TEAM FORTUNE TRADING LIMITED	39,000,000	4.921%
WELL SMART CAPITAL HOLDINGS	38,462,500	4.853%
FOREVER GRAND GROUP LIMITED	37,156,615	4.688%
WISEPLAN HOLDINGS LTD	34,086,919	4.301%
BETTER FUTURE CAPITAL INVESTMENT LIMITED	33,750,000	4.258%
XING MAO LIMITED	31,226,457	3.940%
MR JIARONG HE	31,092,702	3.923%
GLORY RESOURCES INTERNATIONAL INVESTMENT LIMITED	30,000,000	3.785%
MR ZHEN LI	29,124,153	3.675%
JADE SILVER INVESTMENTS LIMITED	26,573,776	3.353%
NGA FONG LAO	18,026,525	2.274%
MR JIANZHONG YANG	10,000,000	1.262%
GOLD STAR INDUSTRY LIMITED	7,734,517	0.976%
MR YIMING DU & MS LI CHEN	5,625,000	0.710%
	<u>704,330,751</u>	<u>88.866%</u>

#### Unquoted equity securities

There are no unquoted equity securities.

### Substantial holders

Substantial holders in the company are set out below:

	Number held	Ordinary shares % of total shares issued
FY HOLDINGS LIMITED	86,914,266	10.966%
EVERBRIGHT SECURITIES INVESTMENT SERVICES (HK) LTD <CLIENTS A/C>	76,534,488	9.656%
XIN ZHANG	46,000,000	5.804%
WAI SANG HO	44,808,270	5.654%

### Voting rights

The voting rights attached to ordinary shares are set out below:

#### *Ordinary shares*

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

There are no other classes of equity securities.

### Exploration Tenements

<u>Tenement Number</u>	<u>Tenement Name</u>	<u>% Owned</u>
EPC2427	Palmgrove Creek	87.5%
EPC2426	Devils Nest	87.5%
MDL521	Dawson West	87.5%
MLA700025	Dawson West (Application)	87.5%
MLA700030	Dawson West (Application)	87.5%



<b>Directors</b>	Ms Min Yang – Chairman Mr Nga Wong (Alex) Lao Mr Quan (David) Fang Mr Wai Sang Ho Mr Geoff Baker Mr Chi Yuen (William) Kuan Mr Louis Li Chien
<b>Company secretary</b>	Mr Chi Yuen (William) Kuan
<b>Registered office</b>	Suite 2, 3B Macquarie Street Sydney NSW 2000 Telephone: 02 9251 9088 Facsimile: 02 9251 9066
<b>Principal place of business</b>	Suite 2, 3B Macquarie Street Sydney NSW 2000 Telephone: 02 9251 9088 Facsimile: 02 9251 9066
<b>Share register</b>	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: 02 9290 9600 Facsimile: 02 9279 0664
<b>Auditor</b>	Nexia Sydney Audit Pty Ltd Level 16, 1 Market Street Sydney NSW 2000
<b>Solicitors</b>	Thomson Geer Lawyers Level 25 1 O'Connell Street, Sydney NSW 2000
<b>Bankers</b>	Commonwealth Bank of Australia 48 Martin Place, Sydney NSW 2000
<b>Stock exchange listing</b>	ASF Group Limited shares are listed on the Australian Securities Exchange (ASX code: AFA)
<b>Website</b>	<a href="http://www.asfgroupltd.com">www.asfgroupltd.com</a>
<b>Corporate governance statement</b>	The corporate governance statement was approved at the same time as the annual report and can be found at <a href="http://www.asfgroupltd.com/investor-centre/corporate-governance-statement/">http://www.asfgroupltd.com/investor-centre/corporate-governance-statement/</a>