APPENDIX 4E

PRELIMINARY FINAL REPORT

FINANCIAL YEAR ENDED 30 JUNE 2010

ASF Group Limited

A.B.N. 50 008 924 570

APPENDIX 4E

Preliminary Final Report

ASF Group Limited	
A.B.N 50 008 924 570	**Financial Year ended 30 June 2010**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$A
Revenues from ordinary activities	Up	**200.04%**	**To**	**341,548**
Loss from ordinary activities after tax attributable to members	Down	**48.26%**	**To**	**2,756,515**
Net loss for the year attributable to members	Down	**48.26%**	**To**	**2,756,515**

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

Comment on figures reported:

During the year under review, the Group's revenue from ordinary activities increased by 200% to $341,548 (2009: $113,834). The increase in revenue was mainly contributed by the Property Section for the marketing of the Breakfast Point project in Greater China.

The net loss attributable to members of the consolidated entity after income tax (NLAT) for the financial year was $2,756,515 (2009: loss of $5,328,110). The loss was after $95,000 expensed in relation to a total of 500,000 shares issued as share based payments and after impairment of the investment in an associate (MYTA) of $193,021.

Apart from Property Section, the Group's Energy Section was focusing on the trial shipments during the year. The first coal trial shipment occurred subsequent to the balance sheet date in July.

On Resources Sector, the Group's mineral resource interests are at the exploration stage. During the financial year the Group primary focus was on adding value to the Group's mineral tenements, particularly those in the Canning Basin of Western Australia, which are held by the Group's 100% owned subsidiary, ASF Resources Pty Ltd**.**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

	Note	30 June 2010 $	30 June 2009 $
Revenue from continuing operations	2	**341,548**	113,834
Share of net profit of associate		**80,714**	105,160
Profit on disposal of subsidiary		**43,657**	-
Profit on de-recognition of controlled entity		**-**	41,174
Commission expenses		**(81,480)**	(97,696)
Marketing expenses		**(437,744)**	(574,580)
Consultants expenses		**(879,896)**	(942,631)
Occupancy expenses		**(522,162)**	(198,481)
Professional fees		**(197,217)**	(151,058)
Administration expenses		**(259,351)**	(232,136)
Employment expenses		**(288,389)**	(128,643)
Corporate expenses		**(128,785)**	(92,259)
Depreciation and amortisation expense		**(24,058)**	(33,086)
Legal expenses		**(19,814)**	(16,639)
Finance costs		**(61,729)**	(71,241)
Share based payments		**(95,000)**	(728,100)
Bad debts		**(550)**	(165,448)
Impairment of goodwill		**-**	(1,600,000)
Impairment of investment in associated entity		**(193,021)**	(530,000)
Other expenses		**(33,238)**	(26,280)
(Loss) before income tax		**(2,756,515)**	(5,328,110)
Income tax expense		**-**	-
(Loss) for the year		**(2,756,515)**	(5,328,110)
(Loss) attributable to members of the parent entity		**(2,756,515)**	(5,328,110)
Other Comprehensive (Expense)/Income			
Exchange differences on translation of foreign operations		**16,203**	243,931
Share of other comprehensive (Expense) of associate		**(59,177)**	(69,508)
Total Comprehensive (Loss) for the year		**(2,799,489)**	(5,153,687)
Earnings per share:			
Basic (cents per share)	13	**(1.02)**	(2.61)
Diluted (cents per share)	13	**(1.02)**	(2.61)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Note	30 June 2010 $	30 June 2009 $
ASSETS			
Current assets			
Cash and cash equivalents		**4,324,705**	1,026,693
Trade and other receivables		**72,846**	135,997
Inventories		**1,009,978**	-
Other current assets		**1,250**	21,090
Total current assets		**5,408,779**	1,183,780
Non-current assets			
Other receivables		**247,473**	37,300
Plant and equipment	6	**62,187**	85,122
Investments accounted for using the equity method	7	**634,168**	805,652
Mining tenements and exploration	8	**2,411,461**	787,032
Total non-current assets		**3,355,289**	1,715,106
Total assets		**8,764,068**	2,898,886
LIABILITIES			
Current liabilities			
Trade and other payables		**655,569**	194,223
Provisions		**13,365**	-
Total current liabilities		**668,934**	194,223
Total liabilities		**668,934**	194,223
Net assets		**8,095,134**	2,704,663
EQUITY			
Contributed equity		**56,445,548**	48,255,588
Reserves		**(554,872)**	(511,898)
Accumulated losses	9	**(47,795,542)**	(45,039,027)
Total equity		**8,095,134**	2,704,663

The above balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2010

	Contributed equity $	Foreign currency translation reserves $	Retained losses $	Total $	Non-controlling interest $	Total equity $
Balance at 1/7/2008	**43,100,003**	**(686,321)**	**(39,710,917)**	**2,702,765**	**1,685,447**	**4,388,212**
(Loss) for the year	-	-	(5,328,110)	(5,328,110)	-	(5,328,110)
Other comprehensive income						
Exchange differences on translation of foreign currency	-	243,931	-	243,931	-	243,931
Share of other comprehensive (Expense) of associate	-	(69,508)	-	(69,508)	-	(69,508)
Write back of minority interest on de-recognition of subsidiary and recognition as an associate	-	-	-	-	(1,685,447)	(1,685,447)
	-	174,423	(5,328,110)	(5,153,687)	(1,685,447)	(6,839,134)
Transaction with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	4,427,485	-	-	4,427,485	-	4,427,485
Share based payments	728,100	-	-	728,100	-	728,100
	5,155,585	-	-	5,155,585	-	5,155,585
Balance at 30/6/2009	**48,255,588**	**(511,898)**	**(45,039,027)**	**2,704,663**	**-**	**2,704,663**
Balance at 1/7/2009	**48,255,588**	**(511,898)**	**(45,039,027)**	**2,704,663**		**2,704,663**
(Loss) for the year	-	-	(2,756,515)	(2,756,515)	-	(2,756,515)
Other comprehensive income						
Exchange differences on translation of foreign currency	-	16,203	-	16,203	-	16,203
Share of other comprehensive (Expense) of associate	-	(59,177)	-	(59,177)	-	(59,177)
	-	(42,974)	(2,756,515)	(2,799,489)	-	(2,799,489)
Transaction with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	8,094,960	-	-	8,094,960	-	8,094,960
Share based payments	95,000	-	-	95,000	-	95,000
	8,189,960	-	-	8,189,960	-	8,189,960
Balance at 30/6/2010	**56,445,548**	**(554,872)**	**(47,795,542)**	**8,095,134**	**-**	**8,095,134**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2010

	Note	30 June 2010 $	30 June 2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**388,457**	153,739
Other income received		**73**	37,444
Payments to suppliers and employees		**(3,648,204)**	(2,816,330)
Interest received		**80,703**	27,666
Interest paid		**(52,284)**	(154,034)
Income tax paid		**-**	(203)
Net cash (outflow) from operating activities	10	**(3,231,255)**	(2,751,718)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		**(1,624,429)**	(371,610)
Purchase of plant and equipment		**(1,123)**	(22,500)
Investment in subsidiaries		**43,657**	-
Net cash (outflow) from investing activities		**(1,581,895)**	(394,110)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues		**8,094,959**	3,427,485
Net cash inflow from financing activities		**8,094,959**	3,427,485
Net increase in cash held		**3,281,809**	281,657
Cash disposed on de-recognition of subsidiary		**-**	(291,789)
Cash at the beginning of the financial year		**1,026,693**	1,036,825
Effect of exchange rates on cash holding in foreign currencies		**16,203**	-
Cash at the end of year		**4,324,705**	1,026,693

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

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES

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

Basis of preparation

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

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

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

Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Financial statement presentation
The Group has applied the revised AASB101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

2 REVENUE

		Consolidated 2010 $	2009 $
(a)	**Revenue from continuing operations**		
	- Services (i)	**260,172**	46,505
(b)	**Other revenue**		
	- Interest received	**80,703**	27,666
	- Other revenue	**673**	39,663
		81,376	67,329
		341,548	113,834

(i) Service income in the 2010 financial year was mainly marketing fee and commission received from property sales.

3 EXPENSES

	Consolidated 2010 $	2009 $
Loss before income tax includes the following specific expenses:		
Commission expenses	**81,480**	97,696
Finance costs	**61,729**	71,241
Rental expenses on operating leases		
- minimum lease payments	**175,660**	175,849
Impairment losses		
- Goodwill	**-**	1,600,000

- Investment in associates	**193,021**	530,000
Bad debts	**550**	165,448
Depreciation and amortisation expense	**24,058**	33,086
Share based payments expensed	**95,000**	728,100

4 DISPOSAL OF SUBSIDIARY

ASF Properties (Guangzhou) Co Ltd, which was an indirect wholly-owned subsidiary of the Company, liquidated on 17 November 2009.

The profit/loss contributed by the subsidiary was as follow:

	2010 **$**	2009 $
Loss from ordinary activities	**(18,587)**	(16,123)
Profit on disposal	**43,657**	-
	25,070	(16,123)

5 SEGMENT INFORMATION

(a) Description of segments

The Company considers the business from a product perspective and has identified five reportable segments - Mineral Resources, Property Services, Energy, Travel Services and Investments.

(b) Segment information – business segments

30 June 2010	**Property marketing and service**	**Mineral and resources**	**Energy**	**Travel Services**	**Corporate**	**Venture and financial services**	**Eliminations**	**Total**
	$	$		$	$	$	$	$
Segment revenue								
Sales	248,808	-	-	-	1,411,364	-	(1,400,000)	260,172
Other revenue	-	787	-	-	76,342	4,247	-	81,376
Total segment revenue	248,808	787	-	-	1,487,706	4,247	(1,400,000)	341,548
Profit on disposal of subsidiary	43,657	-	-	-	-	-	-	43,657
Share of net profit of equity accounted associate	-	-	-	80,714	-	-	-	80,714
Segment result	(169,310)	(1,209,183)	(914,630)	-	(8,562,474)	(61,835)	8,160,917	(2,756,515)
Segment assets	141,503	2,804,538	1,592,610	-	7,303,060	404,977	(3,482,620)	8,764,068
Segment liabilities	1,938,913	5,276,324	2,507,239	-	8,735,662	744,528	(18,533,732)	668,934
30 June 2009								
Segment revenue								
Sales	45,870	-	-	-	635	-	-	46,505
Other revenue	368	2,044	-	-	25,713	37,285	1,919	67,329
Total segment revenue	46,238	2,044	-	-	26,348	37,285	1,919	113,834
Share of net profit of equity accounted associate	-	-	-	105,160	-	-	-	105,160
Segment result	(215,282)	(271,766)	-	-	(8,464,587)	(252,145)	3,875,670	(5,328,110)
Segment assets	166,680	831,819	-	-	5,663,391	73,455	(3,836,459)	2,898,886
Segment liabilities	1,808,540	2,094,422	-	-	6,674,549	370,483	(10,753,771)	194,223

(c) Segment information – geographical segments

	Segment revenues from sales to external customers		**Segment assets**	
	2010 **$**	2009 $	**2010** **$**	2009 $
Australia	**260,172**	46,505	**11,841,811**	6,615,205

Asia	**-**	-	**404,877**	120,140
Eliminations	**-**	-	**(3,482,620)**	(3,836,459)
TOTAL	**260,172**	46,505	**8,764,068**	2,898,886

6 NON-CURRENT ASSETS – PLANT AND EQUIPMENT

Consolidated	**Plant & Equipment**	**Leasehold Improvements**	**Motor vehicles**	**TOTAL**
	$	$	$	$
At 1 July 2008				
Cost or fair value	210,901	124,231	1,455,902	1,791,034
Exchange difference	-	-	(45,979)	(45,979)
Accumulated depreciation	(166,098)	(75,689)	(1,126,831)	(1,368,618)
Net book amount	44,803	48,542	283,092	376,437
Year ended 30 June 2009				
Opening net book amount	44,803	48,542	283,092	376,437
Additions	22,500	-	-	22,500
Disposals *	(21,235)	-	(259,494)	(280,729)
Depreciation charge	(8,984)	(18,203)	(5,899)	(33,086)
Closing net book amount	37,084	30,339	17,699	85,122
At 30 June 2009				
Cost or fair value	212,166	124,231	29,991	366,388
Accumulated depreciation	(175,082)	(93,892)	(12,292)	(281,266)
Net book amount	37,084	30,339	17,699	85,122
Year ended 30 June 2010				
Opening net book amount	37,084	30,339	17,699	85,122
Additions	11,807	-	-	11,807
Disposals	(10,684)	-	-	(10,684)
Depreciation charge	(9,141)	(11,377)	(3,540)	(24,058)
Closing net book amount	29,066	18,962	14,159	62,187
At 30 June 2010				
Cost or fair value	60,554	124,231	29,991	214,776
Accumulated depreciation	(31,488)	(105,269)	(15,832)	(152,589)
Net book amount	29,066	18,962	14,159	62,187

* *Disposals relate to a write off on de-recognition of assets on loss of control of a subsidiary.*

Plant and equipment has been tested for impairment at 30 June 2010 resulting in no impairment loss.

7 NON NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Macau Multinational Youth Travel Agency Limited in which the Company has a 40% interest has been equity accounted from 1 July 2008.

	Consolidated	
	2010	2009
	$	$
Shares in associate	**634,168**	805,652
(a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**805,652**	1,300,000
Share of profits after income tax	**80,714**	105,160
Share of foreign exchange translation reserve	**(59,177)**	(69,508)
Provision for impairment of investment in associate	**(193,021)**	(530,000)
Carrying amount at the end of the finanical year	**634,168**	805,652

(b) Summarised financial information of associate

The Group's share of the results of its principal associate and its aggregated assets (including goodwill) and liabilities are as follows:

		Group's share of			
	Ownership Interest %	**Assets $**	**Liabilities $**	**Revenues $**	**Profit $**
2010					
Macau Multinational Youth Travel Agency Ltd*	**40**	**4,315,094**	**3,335,092**	**6,739,954**	**80,714**
2009					
Macau Multinational Youth Travel Agency Ltd*	40	4,260,231	3,256,766	8,879,933	105,160

** Private company incorporated in Macau*

(c) Impairment test

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five-year period are extrapolated using a terminal value of the year's cash flow projection and a multiplier of 3 for travel businesses. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

(d) Key assumptions used for value-in use

CGU	**Growth rate**	**Discount rate**
Travel services – Asia	5%	15%

8 NON-CURRENT ASSETS – MINING TENEMENTS AND EXPLORATION

	Consolidated	
	2010 $	2009 $
Exploration and development costs	**2,411,461**	787,032
Accumulated amortisation and impairment	**-**	-
	2,411,461	787,032

9 RETAINED EARNINGS

	Consolidated	
	2010 $	2009 $
Balance 1 July	**(45,039,027)**	(39,710,917)
Net (loss) for the year	**(2,756,515)**	(5,328,110)
Balance 30 June	**(47,795,542)**	(45,039,027)

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

	Consolidated	
	2010 $	2009 $
Loss for the year	**(2,756,515)**	(5,328,110)
Provision for impairment of goodwill	**-**	1,600,000
Provision for impairment of investment in associate	**193,021**	530,000
Bad debts	**550**	165,448
Share based payment expense	**95,000**	728,100
Depreciation and amortisation	**24,058**	33,086
Profit on de-recognition of controlled entity	**-**	(41,174)
Write back of retained earnings on dis-continued operation	**-**	(1,919)
Profit on disposal of subsidiary	**(43,657)**	-
Share of profit of associate	**(80,714)**	(105,160)
Change in operating assets and liabilities		
(Increase) in inventories	**(1,009,978)**	-
Decrease/(Increase) in receivables	**(117,114)**	87,685
Decrease in deposits and prepayments	**-**	127,622

	Consolidated 2010 $	2009 $
(Decrease)/increase in payables	**464,094**	(547,045)
(Decrease) in income tax payable	**-**	(251)
Net cash (outflow) from operating activities	**(3,231,255)**	**(2,751,718)**

11 NTA BACKING

	2010 $	2009 $
Net tangible asset backing per ordinary security (per share)	0.030	0.013

12 EVENTS OCCURRING AFTER THE REPORT PERIOD

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

13 EARNINGS PER SHARE

	Consolidated 2010 Cents	2009 Cents
Basic loss per share	**(1.02)**	(2.61)
Diluted loss per share	**(1.02)**	(2.61)

Reconciliations of earnings used in calculating earnings per share

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

	2010 $	2009 $
Earnings (i)	**(2,756,515)**	(5,328,110)
Weighted average number of ordinary shares	**270,832,265**	204,388,758

(i) Earnings used in the calculation of basic and diluted earnings per share are net loss after tax attributable to members of the parent entity as per the income statement.

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

14 DIVIDEND

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

15 AUDIT OF ACCOUNTS

This report is based on accounts that are in the process of being audited.

Min Yang
Chairman
30 August 2010