

1. Company details

| | |
|-------------------|--|
| Name of entity: | ASF Group Limited |
| ABN: | 50 008 924 570 |
| Reporting period: | For the half-year ended 31 December 2022 |
| Previous period: | For the half-year ended 31 December 2021 |

2. Results for announcement to the market

| | | | \$'000 |
|---|------|----------|---------------|
| Revenues from ordinary activities | down | 72.6% to | 339 |
| Loss from ordinary activities after tax attributable to the owners of ASF Group Limited | up | 28.2% to | 8,190 |
| Loss for the half-year attributable to the owners of ASF Group Limited | up | 21.5% to | 7,414 |

Dividends

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

Comments

The loss for the Group after providing for income tax and non-controlling interest amounted to \$7,414,000 (31 December 2021: loss of \$6,099,000).

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

3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|--|-----------------------------------|----------------------------------|
| Net tangible liabilities per ordinary security | (2.08) | (1.28) |

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable

6. Details of associates and joint venture entities

| Name of associate / joint venture | Reporting entity's percentage holding | | Contribution to profit/(loss) (where material) | |
|--|---------------------------------------|-------------------|--|------------------------|
| | Reporting period % | Previous period % | Reporting period \$'000 | Previous period \$'000 |
| Rey Resources Limited | 16.36% | 16.36% | (179) | (142) |
| ActivEx Limited | 16.09% | 17.07% | (90) | (244) |
| Key Petroleum Limited | 11.45% | 11.45% | (92) | (55) |
| 3D Bio-Tissues Limited * | - | 24.5% | - | (101) |
| BSF Enterprise PLC | 9.66% | - | (163) | - |
| UK International Innovation Centre Limited | 20% | 20% | - | - |
| <i>Group's aggregate share of associates and joint venture entities' loss (where material)</i> | | | | |
| Loss from ordinary activities before income tax | | | (524) | (542) |

* Reverse takeover by BSF Enterprise PLC (LSE:BSFA), a public company listed on the London Stock Exchange.

7. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

8. Attachments

Details of attachments (if any):

The Interim Report of ASF Group Limited for the half-year ended 31 December 2022 is attached.

9. Signed



Signed _____

Min Yang
Chairman

Date: 28 February 2023

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ASF Group Limited

ABN 50 008 924 570

Interim Report – Half-year Ended 31 December 2022

ASF Group Limited

ABN 50 008 924 570

Directors' Report

31 December 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 half-year ended 31 December 2022.

Directors

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

Ms Min Yang - Chairman
Mr Nga Fong (Alex) Lao
Mr Quan (David) Fang
Mr Wai Sang Ho
Mr Geoff Baker
Mr Chi Yuen (William) Kuan
Mr Louis Li Chien

Principal activities

The Group is a Sino-Australian investment and trading house which focuses principally on the identification, incubation and realisation of opportunities in areas of synergy between China, Australia, UK and Europe including oil & gas, resources, property, infrastructure, travel and financial services sectors.

Review of operations

The loss for the Group after providing for income tax and non-controlling interest amounted to \$7,414,000 (31 December 2021: loss of \$6,099,000).

Financial results and commentary

For the six months ended 31 December 2022, revenue from continuing operations of ASF Group Limited (the "Company") and its controlled entities (referred to hereafter as the "Group") amounted to \$339,000, a decrease of approximately 72.6% compared to the corresponding period last year of \$1,237,000.

During the period, pre-sale of Stage 3, being the final stage of The Peninsula Hope Island project completed and as a result commission income arising from the sale of the project decreased drastically to \$24,000 (2021: \$991,000). Settlement of the project is expected to occur from July 2023 onwards during which the Group will receive the remaining commissions from the developer. Another project "The AU" which is located at Surfers Paradise, Gold Coast has also made good sales progress. It is expected that these two projects will provide notable revenue contributions to the Group in the year ahead.

Consolidated loss after tax and non-controlling interest for the period was \$7,414,000 (2021: loss of \$6,099,000), which was mainly attributed to the following:

- Share of losses of the associates of \$524,000;
- Impairment loss of financial assets at fair value through profit or loss of \$3.8 million; and
- Interest expenses and other finance costs \$1.2 million.

Financial position

As of 31 December 2022, the Group maintained a cash balance of \$3.75 million and has a remaining loan facility from Star Diamond Developments Limited ("Star Diamond") of \$2.05 million which is available for draw down until 31 October 2023.

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Directors' Report

31 December 2022

Finance costs amounted to \$1,223,000 (2021: \$1,029,000) which represented principally interest on the aforesaid Star Diamond loan.

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. During the period, the Company bought back 98,831 shares at an average price of \$0.038 per share.

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 reporting period, AIV announced encouraging results on its exploration projects in particular its Georgetown Project which obtained an excellent gold result from rock samples which also returned high grades of Manganese, Lead and Iron.

AIV also announced on 14 July 2022 that it had completed the Reverse Circulation (RC) drilling program at its Mt Hogan project with 38 holes completed for an advance of 4,275m. The result was encouraging with high grade gold intersections observed. AIV further announced on 13 September 2022 that diamond core drilling on Mt Hogan project was completed with visible gold observed in one of the core drill holes. The Mt Hogan historic gold mine is part of AIV's 100% owned Gilberton gold project which is situated in the Georgetown Province in northeast Queensland, approximately 300km west-northwest of Townsville.

Other than prospective for gold mineralisation there are encouraging signs for lithium exploration across its Mt Hogan tenement. AIV announced that it has commissioned a study to explore for ionic clay-hosted rare earth elements (REE) in Central Qld and has lodged two new mineral applications being Fortuna (EPMA 28644) and Ivy Leaf (EPMA 28645), located 880km north-west of Brisbane. The applications have been accepted by the Queensland DNRME and the licences can be viewed on the Department's Spatial Website GeoResGlobe as the Aramac Project.

As of 31 December 2022, the Group holds 16.09% of the issued capital of AIV with a market value of \$1.36 million.

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.

On 4 August 2022, REY announced the extension of its on-market share buyback program for a further 12 months from 18 August 2022. Up to 21.2 million shares can be bought back by REY over the next 12 months.

During the period, there was a change in REY board member of which Mr Dachun Zhang resigned and Mr Yan Zhao was appointed as director, both effective from 29 November 2022.

As at 31 December 2022, the Group holds 16.36% of the issued capital of REY with a market value of \$4.85 million. Due to the decline in share price of REY during the period, the Company recorded an impairment provision of \$3.8 million on the investment in REY.

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.

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During the period, KEY entered into a share sale agreement with Triangle Energy (Global) Limited for the sale of its two wholly owned subsidiaries (the "Triangle Sale") which hold the remaining interests in Production Licence L7 and Exploration Permit EP437 for a total consideration of \$1.1 million. On 30 September 2022, KEY announced that the Sale was completed and KEY received \$600,000 in cash and will receive \$500,000 worth of Triangle Energy shares on or before 30 June 2023.

Following completion of the Triangle Sale, KEY will remain an active Australian explorer, with a renewed strategic focus on maturing the east coast gas supply potential from its Cooper-Eromanga Basin assets in Queensland.

As at 31 December 2022, the Group holds 11.45% of the issued capital of KEY with a market value of \$0.34 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 \$28,600 as at 31 December 2022.

Civil & Mining Resources Pty Ltd ("CMR")

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

The Dawson West project, which is 87.5% owned by CMR, 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). During the period, CMR together with its JV partner has started the development of the sample pit operations on the project with good progress through December and into 2023.

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

ASFTA is an Australian company that has developed a flat opposed cylinder boxer-type engine that uses patented Scotch Yoke mechanisms giving the engine advantages in weight, length, width, height, vibration and emissions over other conventional engines in its class.

ASFTA's Scotch Yoke engine was originally developed over 20 years ago and is patented (7 patents so far) and has been tested by VW, Ford, Cosworth, FEV and others. The engine is the first successful 4 stroke Scotch Yoke engine to be specifically designed and developed for modern Hybrid and Range Extender vehicles and can achieve Euro 6d and China 6b emissions on China RON 92 fuel with minimum expensive add on technologies. The engine does not need Turbo charging, VVT, EGR or GDI to meet the European 6d or China 6b emission regulations.

During the period, ASFTA has been progressing engine testing to target completion by mid 2023. The engine can run on Gasoline, LPG, CNG and HYDROGEN fuels.

The Company holds 62% of the issued capital of ASFTA.

BSF Enterprise PLC ("BSFA")

BSFA is listed on the London Stock Exchange's Main Market and has a 100% owned subsidiary 3D Bio-Tissues Ltd ("3DBT").

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.

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Directors' Report

31 December 2022

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 6 months.

The Company through its subsidiary BSF Angel Funding Limited holds 16,610,944 fully paid ordinary shares of BSFA with a market value of approximately A\$4.95 million (GBP2.78 million) as at 31 December 2022.

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.

ASFP has achieved excellent sales results for 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. The company has also made good sales progress for the other 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 working to form tailor-made wholesale funds to capture a diverse array of investment opportunities.

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.

Matters subsequent to the end of the financial half-year

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

Rounding of amounts

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

ASF Group Limited

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Directors' Report

31 December 2022

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

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

On behalf of the directors



Director:
Ms Min Yang - Chairman

Dated this 28th day of February 2023

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To the Board of Directors of ASF Group Limited

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

As lead audit director for the review of the interim financial statements of ASF Group Limited for the financial half year ended 31 December 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 review; and
- (b) any applicable code of professional conduct in relation to the review.

Yours sincerely



Nexia Sydney Audit Pty Ltd



Andrew Hoffmann

Director

Date: 28 February 2023

ASF Group Limited

ABN 50 008 924 570

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For the Half-Year Ended 31 December 2022

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General information

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

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

Suite 2, 3B Macquarie Street
Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2023. The directors have the power to amend and reissue the financial statements.

ASF Group Limited

ABN 50 008 924 570

Statement of Profit or Loss and Other Comprehensive Income For the Half-Year Ended 31 December 2022

| | Note | Consolidated | |
|---|------|----------------|----------------|
| | | 31 Dec 2022 | 31 Dec 2021 |
| | | 000's | 000's |
| | | \$ | \$ |
| Revenue | 3 | 339 | 1,237 |
| Finance income | 3 | 66 | 46 |
| Other income | 3 | 44 | 169 |
| Expenses | | | |
| Share of losses of associates | 4 | (524) | (542) |
| Commission and fee expenses | | (46) | (518) |
| Consultancy expenses | | (697) | (516) |
| Marketing expenses | | (135) | 10 |
| Employee benefits expense | | (844) | (687) |
| Depreciation and amortisation expense | 4 | (138) | (142) |
| Impairment of investment recognised | 4 | (3,795) | (4,161) |
| Legal and professional fees | | (78) | (83) |
| Corporate and administration expenses | | (306) | (132) |
| Exploration Expense | | (790) | - |
| Occupancy expenses | | (63) | (41) |
| Finance costs | 4 | (1,223) | (1,029) |
| Loss before income tax expense | | (8,190) | (6,389) |
| Income tax expense | | - | - |
| Loss after income tax expense for the half-year | | (8,190) | (6,389) |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation | | 51 | 22 |
| Other comprehensive income for the year, net of tax | | 51 | 22 |
| Total comprehensive income for the half-year | | (8,139) | (6,367) |
| Loss for the half-year attributable to: | | | |
| Non-controlling interest | | (776) | (290) |
| Owners of ASF Group Limited | | (7,414) | (6,099) |
| | | (8,190) | (6,389) |
| Total comprehensive income for the half-year is attributable to: | | | |
| Non-controlling interest | | (776) | (290) |
| Owners of ASF Group Limited | | (7,363) | (6,077) |
| | | (8,139) | (6,367) |
| | | Cents | Cents |
| Basic loss` per share | 17 | (0.94) | (0.77) |
| Diluted loss per share | 17 | (0.94) | (0.77) |

The accompanying notes form part of these financial statements.

ASF Group Limited

ABN 50 008 924 570

Statement of Financial Position As At 31 December 2022

| | | Consolidated | |
|--------------------------------|--|-----------------|----------------|
| | | 31 Dec 2022 | 30 Jun 2022 |
| | | 000's | 000's |
| Note | | \$ | \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| | Cash and cash equivalents | 3,752 | 4,412 |
| 5 | Trade and other receivables | 321 | 263 |
| | Other | 32 | 3 |
| | TOTAL CURRENT ASSETS | 4,105 | 4,678 |
| NON-CURRENT ASSETS | | | |
| 5 | Other receivables | 945 | 935 |
| 6 | Investments accounted for using the equity method | 5,999 | 10,313 |
| | Financial assets at fair value through profit or loss | 29 | 31 |
| 7 | Property, plant and equipment | 53 | 60 |
| | Right of use assets | 336 | 452 |
| 8 | Intangibles | 3,527 | 3,585 |
| | TOTAL NON-CURRENT ASSETS | 10,889 | 15,376 |
| | TOTAL ASSETS | 14,994 | 20,054 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| 9 | Trade and other payables | 505 | 280 |
| | Employee benefits | 211 | 200 |
| 10 | Borrowings | 26,914 | - |
| 11 | Lease liabilities | 264 | 254 |
| | TOTAL CURRENT LIABILITIES | 27,894 | 734 |
| NON-CURRENT LIABILITIES | | | |
| 10 | Borrowings | - | 23,955 |
| 11 | Lease liabilities | 79 | 201 |
| | TOTAL NON-CURRENT LIABILITIES | 79 | 24,156 |
| | TOTAL LIABILITIES | 27,973 | 24,890 |
| | NET LIABILITIES | (12,979) | (4,836) |
| EQUITY | | | |
| 12 | Issued capital | 122,665 | 122,669 |
| 13 | Reserves | (2,323) | (2,374) |
| | Accumulated losses | (130,734) | (123,320) |
| | Equity attributable to the owners of ASF Group Limited | (10,392) | (3,025) |
| | Non-controlling interest | (2,587) | (1,811) |
| | TOTAL EQUITY | (12,979) | (4,836) |

The accompanying notes form part of these financial statements.

ASF Group Limited

ABN 50 008 924 570

Statement of Changes in Equity For the Half-Year Ended 31 December 2022

| | Issued capital | Reserves | Consolidated Accumulated losses | Non-control ling interest | Total equity |
|--|----------------|----------------|---------------------------------|---------------------------|-----------------|
| | 000's | 000's | 000's | 000's | 000's |
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2021 | 122,676 | (2,364) | (119,258) | (1,349) | (295) |
| Loss after income tax expense for the half-year | | | (6,099) | (290) | (6,389) |
| Other comprehensive income for the half-year, net of tax | - | 22 | - | - | 22 |
| Total comprehensive income for the half-year | - | 22 | (6,099) | (290) | (6,367) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Share buy-back | (2) | - | - | - | (2) |
| Balance at 31 December 2021 | 122,674 | (2,342) | (125,357) | (1,639) | (6,664) |
| Balance at 1 July 2022 | 122,669 | (2,374) | (123,320) | (1,811) | (4,836) |
| Loss after income tax expense for the half-year | - | - | (7,414) | (776) | (8,190) |
| Other comprehensive income for the half-year, net of tax | - | 51 | - | - | 51 |
| Total comprehensive income for the half-year | - | 51 | (7,414) | (776) | (8,139) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Share buy-back | (4) | - | - | - | (4) |
| Balance at 31 December 2022 | 122,665 | (2,323) | (130,734) | (2,587) | (12,979) |

The accompanying notes form part of these financial statements.

ASF Group Limited

ABN 50 008 924 570

Statement of Cash Flows

For the Half-Year Ended 31 December 2022

| | Consolidated | |
|---|--------------|-------------|
| | 31 Dec 2022 | 31 Dec 2021 |
| | 000's | 000's |
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from customers (inclusive of GST) | 315 | 1,227 |
| Government Grants | 44 | 145 |
| Payments to suppliers and employees (inclusive of GST) | (2,573) | (1,996) |
| Interest received | 23 | 10 |
| Net cash used in operating activities | (2,191) | (614) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Payments for intangibles | (5) | (119) |
| Payments for plant and equipment | (10) | (1) |
| Net cash (used in)/provided by investing activities | (15) | (120) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Loans to associates | (150) | (100) |
| Proceeds from borrowings (ASF Group) | 1,000 | - |
| Proceeds from borrowings (Dawson West JV) | 539 | - |
| Repayment of loans from associates | 250 | 300 |
| Payment of principal portion of leases | (137) | (143) |
| Payments for share buy-backs | (4) | (2) |
| Net cash provided by financing activities | 1,498 | 55 |
| Net decrease in cash and cash equivalents | (708) | (679) |
| Cash and cash equivalents at the beginning of the financial half-year | 4,412 | 4,041 |
| Effects of exchange rate changes on cash and cash equivalents | 48 | (6) |
| Cash and cash equivalents at the end of the financial half-year | 3,752 | 3,356 |

The accompanying notes form part of these financial statements.

ASF Group Limited

ABN 50 008 924 570

Notes to the Financial Statements For the Half-Year Ended 31 December 2022

1 Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 '*Interim Financial Reporting*' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

(a) Going concern

The financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. For the half year ended 31 December 2022, the Group recorded a loss after income tax and non-controlling interest of \$7,414,000 (2021: \$6,099,000); showed net cash outflow from investing activities of \$15,000 (2021: \$120,000) and net cash outflows from operating activities of \$2,191,000 (2021: \$614,000) and, as of that date, the Group's current liabilities exceeded its current assets by \$23,789,000 (2021: current assets exceeded current liabilities by \$2,846,000). The net liabilities of the Group as of 31 December 2022 were \$12,979,000 (2021: \$6,664,000).

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

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

- The fact that the COVID-19 pandemic has caused considerable disruption and volatility on global equity and commodity markets;
- The Group manages cash diligently to meet immediate business needs. The Group has a long and proven track record in raising capital via share placements, rights issues and convertible notes over the past 12 years. As at the date of this report, the Group has \$2.05 million in a convertible note facility available for draw down;
- The Group expects convertible notes amounting to \$26,070,000 to be converted to equity or extended before their expiry. No cash outlay will be required;
- The Group plans to undertake further capital raising or realisation of assets during the next 12 months as needed;
- The Group holds the ability to reduce operating costs as needed and appropriate; and
- Cash flow forecast, which incorporate expected additional capital injections, for the 12 months from the date of issue of these financial statements project that the Group will be able to operate as usual.

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

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

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Notes to the Financial Statements For the Half-Year Ended 31 December 2022

At the date of approval of these financial statements, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements at 31 December 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.

(b) New Accounting Standards and Interpretations adopted

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

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

2 Operating segments

Identification of reportable segments

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

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

3 Revenue and other income

| | Consolidated | |
|-----------------------|--------------|--------------|
| | 31 Dec 2022 | 31 Dec 2021 |
| | 000's | 000's |
| | \$ | \$ |
| <i>Sales revenue</i> | | |
| Commission revenue | 24 | 991 |
| Corporate services | 315 | 246 |
| | <u>339</u> | <u>1,237</u> |
| <i>Finance income</i> | | |
| Interest income | 66 | 46 |
| | <u>66</u> | <u>46</u> |
| <i>Other income</i> | | |
| Sundry income | - | 70 |
| Government grant | 44 | 99 |
| | <u>44</u> | <u>169</u> |

ASF Group Limited

ABN 50 008 924 570

Notes to the Financial Statements For the Half-Year Ended 31 December 2022

4 Expenses

| | Consolidated | |
|--|--------------|--------------|
| | 31 Dec 2022 | 31 Dec 2021 |
| | 000's | 000's |
| | \$ | \$ |
| Loss before income tax includes the following specific expenses: | | |
| <i>Impairment</i> | | |
| Impairment of investment - Rey Resources Limited | 3,773 | 4,103 |
| - Key Petroleum Limited | 20 | 58 |
| - Kaili Resources Limited | 2 | - |
| Total impairment | <u>3,795</u> | <u>4,161</u> |
| <i>Share of loss of associates</i> | | |
| Rey Resources Limited | 179 | 142 |
| ActivEx Limited | 90 | 244 |
| Key Petroleum Limited | 92 | 55 |
| 3D Bio-Tissues Limited | - | 101 |
| BSF Enterprise PLC | 163 | - |
| Total share of loss of associates | <u>524</u> | <u>542</u> |
| <i>Finance costs</i> | | |
| Interest and finance charges paid/payable | | |
| - Star Diamond | 1,115 | 1,006 |
| - Other finance costs | 108 | 23 |
| | <u>1,223</u> | <u>1,029</u> |
| <i>Depreciation and amortisation</i> | | |
| Leasehold improvements | - | 1 |
| Plant and equipment | 9 | 11 |
| Total depreciation | <u>9</u> | <u>12</u> |
| Amortisation - right of use assets | <u>129</u> | <u>130</u> |
| Total depreciation and amortisation | <u>138</u> | <u>142</u> |
| <i>Rental expense relating to operating leases</i> | | |
| Minimum lease payments | <u>63</u> | <u>41</u> |
| <i>Superannuation expense</i> | | |
| Defined contribution superannuation expense | <u>48</u> | <u>45</u> |

ASF Group Limited

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Notes to the Financial Statements For the Half-Year Ended 31 December 2022

5 Trade and other receivables

| | Consolidated | |
|--|--------------|-------------|
| | 31 Dec 2022 | 30 Jun 2022 |
| | 000's | 000's |
| | \$ | \$ |
| CURRENT | | |
| Trade receivables | 305 | 263 |
| Other receivables | 16 | - |
| | <u>321</u> | <u>263</u> |
| NON-CURRENT | | |
| Deposits | 117 | 117 |
| Loan receivable from Dawson West JV | 66 | - |
| Loan receivable from associate – Rey Resources Limited | 762 | 718 |
| Loan receivable from associate – Key Petroleum Limited | - | 100 |
| | <u>945</u> | <u>935</u> |

6 Investments accounted for using the equity method

| | | |
|----------------------------------|--------------|---------------|
| Rey Resources Limited (ASX: REY) | 4,854 | 8,804 |
| ActivEx Limited (ASX: AIV) | 531 | 621 |
| Key Petroleum Limited (ASX: KEY) | 338 | 451 |
| BSF Enterprise PLC (LSE: BSFA) | 276 | 437 |
| | <u>5,999</u> | <u>10,313</u> |

7 Property, Plant and Equipment

| | | |
|--------------------------------|-----------|-----------|
| Leasehold improvements | | |
| At cost | 153 | 154 |
| Less: Accumulated depreciation | (153) | (153) |
| | <u>-</u> | <u>1</u> |
| Plant and equipment | | |
| At cost | 361 | 427 |
| Less: Accumulated depreciation | (308) | (368) |
| | <u>53</u> | <u>59</u> |
| | <u>53</u> | <u>60</u> |

ASF Group Limited

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Notes to the Financial Statements For the Half-Year Ended 31 December 2022

8 Intangibles

| | Consolidated | |
|--|--------------|--------------|
| | 31 Dec 2022 | 30 Jun 2022 |
| | 000's | 000's |
| | \$ | \$ |
| Mining exploration and evaluation expenditures | <u>3,527</u> | <u>3,585</u> |

Reconciliations

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

| Consolidated | Total \$'000 |
|-----------------------------|-----------------|
| Balance at 1 July 2021 | 3,347 |
| Additions | <u>238</u> |
| Balance at 30 June 2022 | 3,585 |
| Additions | 5 |
| Write-off | <u>(63)</u> |
| Balance at 31 December 2022 | <u>3,527</u> |

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.

9 Trade and Other Payables

| CURRENT | | |
|----------------|------------|------------|
| Trade payables | 437 | 77 |
| Other payables | 68 | 203 |
| | <u>505</u> | <u>280</u> |

10 Borrowings

| CURRENT | | |
|--|---------------|---------------|
| Dawson West JV - Insurance Premium Funding | 11 | - |
| Dawson West JV - Star Diamond loan | 539 | - |
| Dawson West JV – LDO loan | 294 | - |
| Convertible notes payable | 26,070 | - |
| NON-CURRENT | | |
| Convertible notes payable | - | 23,955 |
| Total borrowings | <u>26,914</u> | <u>23,955</u> |

Convertible notes

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 ("CN") and to extend the maturity date of the CN for two years to 31 October 2023. As of 31 December 2022, a total of \$22.95 million CN has been drawn down with remaining \$2.05 million available for further draw down by the Company.

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Notes to the Financial Statements For the Half-Year Ended 31 December 2022

11 Lease liabilities

| | Consolidated | |
|--------------------------|--------------|-------------|
| | 31 Dec 2022 | 30 Jun 2022 |
| | 000's | 000's |
| | \$ | \$ |
| <i>Lease liabilities</i> | | |
| Current | 264 | 254 |
| Non-current | 79 | 201 |
| Total lease liabilities | <u>343</u> | <u>455</u> |

12 Issued capital

| | 31 Dec 2022 | | 30 Jun 2022 | |
|------------------------------|--------------------|----------------|-------------|---------|
| | Shares | 000's | Shares | 000's |
| | | \$ | | \$ |
| Ordinary shares - fully paid | <u>792,474,943</u> | <u>122,665</u> | 792,573,774 | 122,669 |

Movements in ordinary share capital

| Details | Date | Shares | Average buy-back price | 000's |
|----------------|---------------------------|--------------------|------------------------|----------------|
| | | | | \$ |
| Balance | 1 Jul 2022 | 792,573,774 | | 122,669 |
| Share buy-back | 1 Jul 2022 to 31 Dec 2022 | 98,831 | \$0.038 | (4) |
| Balance | 31 Dec 2022 | <u>792,474,943</u> | | <u>122,665</u> |

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 half-year, the Company bought back 98,831 shares at a cost of \$4,000. The buy-back program is extended to 17 July 2023 and it is the company's present intention to extend the program for another year.

ASF Group Limited

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Notes to the Financial Statements For the Half-Year Ended 31 December 2022

13 Equity - reserves

| | Consolidated | |
|-----------------------------------|----------------|----------------|
| | 31 Dec 2022 | 30 Jun 2022 |
| | 000's | 000's |
| | \$ | \$ |
| Foreign currency reserve | 165 | 114 |
| Non-controlling interests reserve | (2,802) | (2,802) |
| Capital reserve | 314 | 314 |
| | <u>(2,323)</u> | <u>(2,374)</u> |

Foreign currency reserve

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

Non-controlling interest reserve

The reserve is used to recognise non-controlling interest arising from the disposal of subsidiaries and to recognise the equity component within convertible notes payable and other borrowings.

| | Foreign currency reserve | Non- controlling interest reserve | Capital reserve | Total |
|--------------------------------|-----------------------------|--|-----------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 30 June 2022 | 114 | (2,802) | 314 | (2,374) |
| Foreign currency translation | 51 | - | - | 51 |
| Balance as at 31 December 2022 | <u>165</u> | <u>(2,802)</u> | <u>314</u> | <u>(2,323)</u> |

14 Dividends

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

15 Interests in subsidiaries and joint operation

No additions to interests in subsidiaries disclosed in the financial report as at 30 June 2022.

Pursuant to the Farm-in Agreement dated 22 June 2016 entered into between Civil & Mining Resources Pty Ltd ("CMR"), a subsidiary of the Company which holds the Dawson West project, LD Dawson Pty Ltd ("LDD") and LD Operations Holdings Pty Ltd ("LDO"), LDD earned 12.5% interest in the Dawson West project under the farm-in arrangement and an unincorporated joint venture ("JV") was accordingly formed between CMR and LDD to explore and develop the project. During the reporting period, the JV commenced operations and started the development of the sample pit operations of the Dawson West project.

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Notes to the Financial Statements For the Half-Year Ended 31 December 2022

16 Fair value measurement

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

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

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

Level 3: Unobservable inputs for the asset or liability

| | Level 1 000's \$ | Level 2 000's \$ | Level 3 000's \$ | Total 000's \$ |
|--|------------------------|------------------------|------------------------|----------------------|
| Consolidated - 31 Dec 2022 | | | | |
| <i>Assets</i> | | | | |
| Investments at fair value through profit or loss | 29 | - | - | 29 |
| Total assets | 29 | - | - | 29 |
| Consolidated - 30 Jun 2022 | | | | |
| <i>Assets</i> | | | | |
| Investments at fair value through profit or loss | 31 | - | - | 31 |
| Total assets | 31 | - | - | 31 |

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

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

ASF Group Limited

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Notes to the Financial Statements For the Half-Year Ended 31 December 2022

17 Earnings per share

| | Consolidated | |
|---|--------------------|--------------------|
| | 31 Dec 2022 | 31 Dec 2021 |
| | 000's | 000's |
| | \$ | \$ |
| Loss after income tax | (8,190) | (6,389) |
| Non controlling interest | 776 | 290 |
| Loss after income tax attributable to the owners of ASF Group Limited | (7,414) | (6,099) |
| | 31 Dec 2022 | 31 Dec 2021 |
| | No. | No. |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 792,550,388 | 792,715,311 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 792,550,388 | 792,715,311 |
| | Cents | Cents |
| Basic earnings per share | (0.94) | (0.77) |
| Diluted earnings per share | (0.94) | (0.77) |

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

No matter or circumstance has arisen since 31 December 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.

ASF Group Limited

ABN 50 008 924 570

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

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

On behalf of the directors



.....
Min Yang
Chairman

Dated 28 February 2023

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

To the members of ASF Group Limited

Report on the Half-Year Financial Report

Conclusion

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

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Material uncertainty related to going concern

We draw attention to Note 1(a) in the half-year financial report, which indicates that the Group incurred a net loss of \$7.4m during the year ended 31 December 2022 and had net liabilities of \$13m. As stated in Note 1(a), these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

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


Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Nexia Sydney Audit Pty Ltd



Andrew Hoffmann

Director

Date: 28 February 2023

Sydney