

APPENDIX 4E

PRELIMINARY FINAL REPORT

FINANCIAL YEAR ENDING 30 JUNE 2008



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 2008

RESULTS FOR ANNOUNCEMENT TO THE MARKET

\$A				
Revenues from ordinary activities	Down	0.87%	To	19,941,108
Loss from ordinary activities after tax attributable to members	Up	193.01%	To	4,516,427
Net loss for the period attributable to members	Up	193.01%	To	4,516,427
Dividends (distributions)	Amount per security		Franked amount per security	
Final dividend	No final dividend proposed			
Previous corresponding period	Nil		Nil	
Comment on figures reported:				
The revenues were down 0.87% for the 2008 year, mainly as a result of the effect of the stronger Australian dollar on the Macau based travel business.				
The loss for the 2008 year attributable to members was \$4,516,427. The loss is after the write-down of goodwill by \$999,990 relating to the property business and after \$1,313,661 was expensed in relation to a total of 5,254,645 shares issued to Gold Star Industry Ltd and Novus Capital Ltd in accordance with Accounting Standards.				
The parent entity's activities, other than the Travel Business, are in the developmental stage. The Company's mineral resource interests are at the exploration stage and, while the Directors believe that value can be added to these tenements in the current year, the resource assets are not yet at the mining development stage. The property business showed improvement during the year but did not record a profit after the allocation of overhead costs.				

1. INCOME STATEMENT

	Note	Financial year ended	
		30 June 2008	30 June 2007
		\$	\$
Revenue			
Sales of services	6(a)	19,626,045	19,973,197
Cost of providing services		(16,551,419)	(17,693,984)
Gross Profit		3,074,626	2,279,213
Other revenue	6(b)	315,063	143,803
Expenses			
Marketing expenses		(1,009,067)	(504,298)
Consultants		(1,175,808)	(1,131,596)
Occupancy expenses		(430,304)	(363,535)
Professional fees		(187,190)	(153,445)
Administration expenses		(685,897)	(287,385)
Employment expenses		(1,031,611)	(759,758)
Corporate expenses		(67,381)	(20,192)
Depreciation and amortisation		(219,848)	(270,067)
Legal expenses		(40,826)	(6,639)
Finance costs		(212,035)	(169,902)
Provision for impairment of goodwill and investments		(1,000,697)	-
Share based payments expensed		(1,313,661)	-
Franchise expense		(200,000)	-
Other expenses		(12,217)	(91,096)
(Loss) before Income Tax		(4,196,853)	(1,334,897)
Income tax expense		(74,539)	(18,972)
(Loss) for the year		(4,271,392)	(1,353,869)
Profit attributable to minority equity interest		(245,035)	(187,544)
(Loss) attributable to Members of the parent entity		(4,516,427)	(1,541,413)
Earnings per Share:			
Basic (cents per share)	12	(2.63)	(0.11)
Diluted (cents per share)	12	(2.41)	(0.10)

BALANCE SHEET

As at 30 June 2008

	Note	Financial year ended	
		30 June 2008	30 June 2007
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		976,117	2,066,069
Trade and other receivables		3,844,378	2,519,150
Inventories		10,374	4,672
Other current assets		3,311,472	2,287,639
TOTAL CURRENT ASSETS		8,142,341	6,877,530
NON-CURRENT ASSETS			
Trade and other receivables		279,040	247,360
Plant and equipment		376,437	620,683
Other non-current assets		415,422	180,531
Intangible assets		2,240,626	3,240,616
TOTAL NON-CURRENT ASSETS		3,311,525	4,289,190
TOTAL ASSETS		11,453,866	11,166,720
CURRENT LIABILITIES			
Trade and other payables		3,377,176	4,134,132
Financial liabilities		3,631,905	2,084,400
Current tax liabilities		56,573	1,460
TOTAL CURRENT LIABILITIES		7,065,654	6,219,992
TOTAL LIABILITIES		7,065,654	6,219,992
NET ASSETS		4,388,212	4,946,728
EQUITY			
Contributed equity		43,100,003	39,010,891
Reserves		(686,321)	(310,084)
Retained losses		(39,710,917)	(35,194,491)
Parent entity interest		2,702,765	3,506,316
Minority equity interests		1,685,447	1,440,412
TOTAL EQUITY		4,388,212	4,946,728

STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2008

	Share capital ordinary	Retained losses	Foreign currency translation reserve	Minority equity interest	Total
	\$	\$	\$	\$	\$
Balance at 1/7/2006	37,596,291	(33,653,078)	-	-	3,943,213
Shares issued during the year	1,540,000	-	-	-	1,540,000
Share issue costs	(125,400)	-	-	-	(125,400)
Minority interest recognised on acquisition	-	-	-	1,252,868	1,252,868
Lost attributable to members of parent entity	-	(1,541,413)	-	-	(1,541,413)
Profit attributable to minority shareholders	-	-	-	187,544	187,544
Revaluation increment	-	-	(310,084)	-	(310,084)
Balance at 30/6/2007	<u>39,010,891</u>	<u>(35,194,491)</u>	<u>(310,084)</u>	<u>1,440,412</u>	<u>4,946,728</u>
Balance at 1/7/2007	39,010,891	(35,194,491)	(310,084)	1,440,412	4,946,728
Shares issued during the year	4,660,111	-	-	-	4,660,111
Share issue costs	(570,999)	-	-	-	(570,999)
Lost attributable to members of parent entity	-	(4,516,427)	-	-	(4,516,427)
Profit attributable to minority shareholders	-	-	-	245,035	245,035
Revaluation increment	-	-	(376,237)	-	(376,237)
Balance at 30/6/2008	<u>43,100,003</u>	<u>(39,710,917)</u>	<u>(686,321)</u>	<u>1,685,447</u>	<u>4,388,212</u>

CASH FLOW STATEMENT

For the Financial Year Ended 30 June 2008

	Note	Financial year ended 30 June 2008 \$	30 June 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		20,831,782	16,913,540
Sundry income received		209,116	55,446
Payments to suppliers and employees		(25,691,527)	(16,017,791)
Interest received		105,947	88,357
Interest paid		(212,035)	(169,902)
Income tax paid (refund)		(19,426)	(18,286)
Net cash provided by operating activities		(4,776,143)	851,364
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for exploration expenditure		(234,891)	(180,531)
Purchase of property, plant and equipment		24,398	(39,551)
Payments for non-current assets		(49,331)	-
Proceeds from sale of non-current assets		-	91
Investment in associates		(707)	-
Net cash provided by/(used in) investing activities		(260,531)	(219,991)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,775,431	1,414,600
Proceeds from borrowing		1,049,744	-
Repayment of borrowings		-	(1,986,096)
Net cash (used in) financing activities		3,825,175	(571,496)
Net increase (decrease) in cash held		(1,211,499)	59,877
Cash acquired on acquisition of controlled entities		-	1,196,812
		(1,211,499)	1,256,689
Cash at the beginning of the financial year		981,669	166,842
Effect of foreign exchange rates on cash holdings in foreign currencies		(376,235)	(441,862)
Cash at the end of the financial year		(606,043)	981,669

5. STATEMENT OF ACCOUNTING POLICIES

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

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of ASF Group Limited complies with International Financial Reporting Standards (IFRS)

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 in conformity with AIFRS 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.

6. REVENUE

	Note	Financial year ended	
		30 June 2008	30 June 2007
		\$	\$
(a) Revenue from continuing operations			
- Services (i)		19,626,045	19,973,197
(b) Other revenue			
- Interest received – other entities		105,947	88,357
- Other revenue		129,279	55,446
(c) Gains on foreign exchange		79,837	-
		19,941,109	20,117,000

(i) Service income includes income from travel and property

7. EXPENSES

Profit before income tax includes the following specific expenses:

Cost of services	16,551,419	17,693,984
Finance costs		
- external	173,196	88,266
- related parties	38,839	35,839
Rental expenses on operating leases		
- minimum lease payments	340,638	280,850
Depreciation and amortisation expense	219,848	270,067
Share based payments expensed	1,313,661	-
Loss on disposal of non-current assets	-	1,396
Franchise expense	200,000	-
Impairment losses		
- Non-current assets	1,000,697	-

8. PRIOR PERIOD ERRORS

In accordance with AASB 108 "Accounting Policies, Changes in Accounting Estimates and Errors", the prior period errors in the Company's 30 June 2007 financial report have been corrected retrospectively in the 2007 comparatives in the current report.

The prior period error was the classification of retained earnings of one of the consolidated group's subsidiaries as a reserve resulting in reserves being overstated and retained earnings understated.

Correction of the error does not affect the profit for the year or change total equity

This correction resulted in the following changes to the 2007 financial report:-

BALANCE SHEET AT 30 JUNE 2007

	Previously stated	Amended	Restated
	\$	\$	\$
EQUITY			
Issued capital	39,010,891	-	39,010,891
Reserves – foreign exchange	(441,863)	131,779	(310,084)
Accumulated losses	(35,141,779)	(52,712)	(35,194,491)
Parent Entity Interest	3,427,249	79,067	3,506,316
Minority Equity Interests	1,519,479	(79,067)	1,440,412
TOTAL EQUITY	4,946,728	-	4,946,728

9. SEGMENT INFORMATION

Review of Operations

The Company continued its strategy of activities in four segments – Mineral Resources, Property Services, Travel Services and Investments.

Mineral Resources

- Canning Basin, W.A.

The Company undertook a program of mapping and collation of all historic exploration work relevant to coal occurrences on the six Exploration Licences and one Prospecting Licence that are wholly owned by the Company, in the second half-year. The Company is encouraged by the possible extent of coal occurrences in the tenements and also by the results being obtained by Rey Resources Limited in assessing its coal deposits on nearby Canning Basin tenements. Discussions were commenced with both local and Chinese companies concerning co-operation to advance the assessment of coal in the Company's tenement areas.

- Tasmania

During the second half, the Company's consultant geologist carried out a detailed review of prior exploration on the Company's three exploration licences in western Tasmania. One of the three exploration licences was granted during the year.

Discussions were commenced with Chinese mining groups, two of which made site visits, concerning possible exploration joint ventures.

Property Services

Operations continued satisfactorily with the marketing and sale of Australian property under the Aushome name and with the marketing of property development projects at the two international property exhibition centres in China.

The proposed Australian based property trust to invest in property projects in China continued to be assessed in the prevailing financial environment.

Travel Services

The Company's 40% owned Macau based travel business continued to operate satisfactorily. The business has been consolidated for the year as a result of it being controlled by the Company. The Company relinquished control of the Macau based travel business at the 30 June 2008 year end as part of a streamlining of management arrangements and its equity accounting the investment effective from 1 July 2008.

Investments

The Company has been appointed as the sole Australian Official Partner for China International Fair for Investment and Trade (CIFIT) which is sponsored by China's Ministry of Commerce. During the second half the Company was active in making arrangements for the 12th CIFIT which is to be held on 8-11 September 2008 in Xiamen, China at which the Company is establishing an Australian pavilion for the promotion of bilateral investment and trade.

Other investment opportunities are under review.

Primary reporting format – business segments

	Property marketing and services	Mineral and resources	Travel Services	Venture and financial services	Elimin- ations	Total
Segment revenue						
<i>Sales</i>	554,625	-	19,064,352	7,068	-	19,626,045
	554,625	-	19,064,352	7,068	-	19,626,045
<i>Other revenue</i>	2,776	992	255,150	56,145		315,063
Total segment revenue	557,401	992	19,319,502	63,213	-	19,941,109
Segment result	(614,902)	(624,228)	408,392	(2,440,665)	(1,245,025)	(4,516,427)
Segment assets	(1,298,610)	(984,429)	7,547,378	8,011,486	(1,821,959)	11,453,866
Segment liabilities	(120,531)	(8,725)	(5,659,004)	(1,246,542)	130,852	(7,056,654)

Secondary reporting format – geographical segments

	Segment revenues from sales to external customers		Segment assets	
	2008	2007	2008	2007
Australia	561,693	376,642	5,641,103	5,618,953
Asia	19,064,352	19,740,358	7,633,722	6,207,158
Eliminations	-	-	(1,820,959)	(659,391)
TOTAL	19,626,045	20,117,000	11,453,866	11,166,720

10. NOTES TO STATEMENT OF CASH FLOWS

	Note	Financial year ended	
		30 June 2008	30 June 2007
		\$	\$
(Loss) from ordinary activities after income tax		(4,271,392)	(1,353,869)
Add/(less) non-cash items:			
- Depreciation		219,848	270,067
- Provision for impairment of investments		1,000,697	-
- Share-based payments expensed		1,313,661	-
- Loss on sales of property, plant and equipment		-	1,396
Change in assets and liabilities			
(Increase)/Decrease in inventories		(5,702)	528
(Increase)/decrease in receivables		(2,153,628)	477,306
(Decrease) in provisions		-	(2,134)
(Decrease) in creditors		(934,739)	1,457,384
Increase income tax payable		55,113	686
Net cash used in operating activities		(4,776,143)	851,364
Cash and Cash Equivalents			
Cash at bank and in hand		976,117	2,066,069
Reconciliation of cash			
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:			
Cash and cash equivalents		976,117	2,066,069
Bank overdrafts		(1,582,160)	(1,084,400)
Balance in statement of cash flows		(606,043)	981,669

11. NTA BACKING

Net tangible asset backing per ordinary security (per share)	\$0.01	\$0.01
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12. SUBSEQUENT EVENTS

On 8 July 2008 the company announced the following changes in relation to its 40% holding in ASF Macau Multinational Limited (ASF MML) which in turn owns 100% of the Macau based travel company, Multinational Youth Travel Agency Limited (MYTA). As a result of streamlined changes to the board and management arrangements of the travel business, ASF Group Limited relinquished board control of ASF MML effective on and from 1 July 2008 but retains its 40% shareholding. The Company's co-shareholder in this business, Mr Alex Lao, who is currently Chairman of MYTA and who is an experienced travel business operator, has assumed board and management control of ASF MML.

As a result of the change of control arrangements, ASF Group Limited has been equity accounting its effective 40% interest in MYTA from 1 July 2008. Previously MYTA was consolidated in ASF Group Limited accounts as a controlled entity.

13 COMMENTARY ON RESULTS FOR THE PERIOD

EPS

Earnings per share for the current financial year was minus 2.63 cents per share as compared with minus 0.11 cents per share in the previous corresponding period (before the 10 to 1 share consolidation).

For the current financial year diluted earnings per share was minus 2.41 cents per share as compared with minus 0.10 per share in the previous corresponding period (before the 10 to 1 share consolidation).

Dividends

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

14 AUDIT OF ACCOUNTS

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

Tony Teng
Company Secretary
29 August 2008