

CFT Energy Limited

(Formerly "ASQ Financial Group Limited" and "Consolidated Steel Group Limited")
ABN 72 107 745 095

Interim Financial Report

**for the half-year ended
31 December 2011**

**To be read in conjunction with the 30 June 2011 Annual Report
In compliance with Listing Rule 4.2A**

CFT ENERGY LIMITED

(Formerly "ASQ Financial Group Limited" and "Consolidated Steel Group Limited")

ABN 72 107 745 095

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Current Reporting Period: Half-year ended 31 December 2011

Previous Reporting Period: Half-year ended 31 December 2010

Results to be announced to the market		AUD\$
Revenue from ordinary activities	-	-
Loss after tax attributable to members	Down 98% to	5,418
Loss for the half-year attributable to members	Down 98%	5,418

Dividends

No dividends have been paid or provided for during the half-year.

Other Information	31 December 2011	31 December 2010
Net Tangible Assets (cents per share)	(0.093)	(0.195)*

**Note: adjusted for the effect of a 1:8 share consolidation which took place on 25 July 2011.*

Refer to the Directors' Report – Review of Operations for an explanation of the above information.

*

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COMPANY PARTICULARS

DIRECTORS

Mr. Robin Armstrong
Mr. Harry Fung
Mr. Quentin Olde

REGISTERED OFFICE

CFT Energy Limited
Level 2, 22 Pitt Street
Sydney NSW 2000
Telephone: (61) 2 9247 6844

COMPANY SECRETARY

Ms. Eryn Kestel

PRINCIPAL OFFICE

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AUDITORS

William Buck
Level 20, 181 William Street
Melbourne Vic 3000

SHARE REGISTRY

Link Market Services Limited
Level 15, 324 Queen Street
Brisbane Qld 2000

LAWYERS

Fuse Advisory
52 Little Ryrie Street
Geelong Vic 3220

DIRECTORS' REPORT

The Directors of CFT Energy Limited (the Company) present their report together with the consolidated financial report for the half-year ended 31 December 2011, and the review report thereon.

DIRECTORS

The names of Directors in office at any time during or since the end of the half-year are:

Mr. Harry Fung
Mr. Robin Armstrong (appointed 13 October 2014)
Mr. Quentin Olde (appointed 29 October 2014)
Mr. Chris Burrell (appointed 23 December 2013, resigned 8 August 2014)
Mr. Andrew Roach (appointed 9 January 2013, resigned 15 September 2014)
Mr. Giuseppe Cossari (resigned 5 January 2012)
Mr. Robert Pertich (resigned 31 October 2013)
Mr. Dean Marchiandi (appointed 5 January 2012, resigned on 9 January 2013)
Mr. Rod Bresnehan (appointed 30 January 2012, resigned on 9 January 2013)

REVIEW OF OPERATIONS

The loss of the Company for the half-year ended 31 December 2011, after income tax amounted to \$5,418 (2011: \$326,454).

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is attached to this Directors' Report.

This report is signed in accordance with a resolution of the Board of Directors:



Director

Dated this 5 day of December, 2014

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF CFT ENERGY LIMITED**

I declare that, to the best of my knowledge and belief during the half year ended 31 December 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001; and
- no contraventions of any applicable code of professional conduct in relation to the review.



William Buck Audit [Vic] Pty Ltd
ABN 59 116 151 136



J. C. Luckins
Director

Dated this 5th day of December, 2014

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Statement of Comprehensive Income
For the Period Ended 31 December 2011

	Note	31 December 2011 \$	31 December 2010 \$
Finance income		-	2,382
Gain on conversion of convertible notes		272,461	-
Corporate and administrative expenses		(231,759)	(328,836)
Interest charged on convertible notes		(46,120)	-
Loss before income tax		(5,418)	(326,454)
Income tax expense		-	-
Loss for the period		(5,418)	(326,454)
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive loss for the period		(5,418)	(326,454)
Loss per share			
Basic and diluted loss per share (cents)		(0.01)	(0.92)
Weighted average number of shares used for calculating basic and diluted loss per share (Comparative results are adjusted for the 1:8 consolidation that was approved at a general meeting on 25 July 2011)		48,085,957	35,405,082

The accompanying notes form part of these financial statements.

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Statement of Financial Position
As at 31 December 2011

	Note	31 December 2011 \$	30 June 2011 \$
Assets			
Cash and cash equivalents		81,352	29,280
Total current assets		81,352	29,280
Deposit paid for acquisition of Consolidated Steel Group Limited	3	-	980,624
Total non-current assets		-	980,624
Total assets		81,352	1,009,904
Liabilities			
Trade and other payables		144,056	51,936
Convertible notes	4	-	1,317,754
Total current liabilities		144,056	1,369,690
Total liabilities		144,056	1,369,690
Net deficiency of assets		(62,704)	(359,786)
Equity			
Share capital		5,128,729	4,826,229
Accumulated losses		(5,191,433)	(5,186,015)
Total equity		(62,704)	(359,786)

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity
For the Half-year Ended 31 December 2011

	Note	Share Capital \$	Accumulated losses \$	Total Equity \$
Balance at 1 July 2010		4,026,229	(4,603,103)	(576,874)
<i>Total comprehensive loss for the period</i>				
Loss for the period		-	(326,454)	(326,454)
Total comprehensive loss for the period		-	(326,454)	(326,454)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of 100,000,000 ordinary shares for cash (at 0.05 cents per share)		50,000	-	50,000
Issue of 150,000,000 ordinary shares for cash (at 0.50 cents per share)		750,000	-	750,000
Total transactions with owners of the Company		800,000	-	800,000
Balance at 31 December 2010		4,826,229	4,929,557	103,328
Balance at 1 July 2011		4,826,229	(5,186,015)	(359,786)
<i>Total comprehensive loss for the period</i>				
Loss for the period		-	(5,418)	(5,418)
Total comprehensive loss for the period		-	(5,418)	(5,418)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of 4,250,000 ordinary shares under Prospectus (at a fair value of 1 cent per share)		42,500	-	42,500
Issue of 11,000,000 ordinary shares for conversion of convertible notes (at a fair value of 1 cent per share)	4	110,000	-	110,000
Issue of 15,000,000 ordinary shares to Director-Related entities (at a fair value of 1 cent per share)		150,000	-	150,000
Total transactions with owners of the Company		302,500	-	302,500
Balance at 31 December 2011		5,128,729	(5,191,433)	62,704

The accompanying notes form part of these financial statements.

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Statement of Cash Flows
For the Half-year Ended 31 December 2011

	31 December 2011	31 December 2010
Note	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(139,639)	(266,081)
Interest received	-	2,382
Net cash used in operating activities	(139,639)	(263,699)
Cash flows from financing activities		
Proceeds from shares issued	191,711	220,000
Net cash provided by financing activities	191,711	220,000
Net increase/(decrease) in cash and cash equivalents	52,072	(43,699)
Cash and cash equivalents at 1 July	29,280	103,885
Cash and cash equivalents at 31 December	81,352	60,186

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Half-year Ended 31 December 2011

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

These general purpose interim financial statements for the half-year ended 31 December 2011 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of CFT Energy Limited (the Company). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2011, together with any public announcements made during the following half-year.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2011 annual financial report for the financial year ended 30 June 2011, unless otherwise stated. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New accounting standards adopted for these interim financial statements

A number of new standards, amendments to standards and interpretations are effective or available for early adoption and have been applied in preparing these financial statements. None of these had a significant effect on these financial statements.

Contingent liabilities and assets

As at 31 December 2011 there were no contingent assets and liabilities applicable to the Company.

Operating segment

The Company continued to trade as one segment during the period, being the evaluation of investment opportunities in the Australasia region.

Notes to the Financial Statements
For the Half-year Ended 31 December 2011

2. GOING CONCERN BASIS AND SUBSEQUENT EVENTS

The financial statements have been prepared on a going concern basis notwithstanding that the Company recorded a net deficiency of assets as at 31 December 2011 totalling \$62,704. The directors of the Company are continuing to work with its trade creditors to settle or to extend the maturities of outstanding obligations owing to them that have existed at report date and have further accrued to the date of signing this report. In November 2014, the Company granted the issue of 5,000,000 ordinary shares in-respect to the settlement of some of these outstanding obligations. As at the date of this report, these shares have been granted but not yet issued. In addition to this, the following matters have been considered by the directors in determining the appropriateness of the going concern basis of preparation:

A proposed transaction with WolfStrike

On 13 November 2014, the Company announced to the market that it had entered into an agreement to acquire 100% of WolfStrike Rental Services Limited and its associated distribution companies (WolfStrike). WolfStrike is an information technology company with a core focus on renting technological products and services to the SME market, with operations in the Asia Pacific region.

The deal is subject to the following conditions precedent clauses, which are yet to be satisfied as at the date of this report:

- Whether an independent expert's report concludes that the deal is fair and reasonable for both the Company and WolfStrike's shareholders;
- A consolidation of ordinary shares and thereafter the raising of a minimum of \$2,500,000 and up to \$5,000,000 via a prospectus, subject to the necessary shareholder and regulatory approvals, including the satisfaction of the change of business test set out under ASX listing rules;
- A change of name of the Company to WolfStrike Rental Group Limited;
- An issue of ordinary shares by the Company to the shareholders, advisers and promoters of WolfStrike and its transaction with the Company; and
- The requotation of the Company's securities on the ASX within two months of the transactions described above.

In November 2014 the directors signed convertible note loan agreements with various parties to raise a total of \$700,000 (or over subscriptions as the board decide) as an unsecured facility. The purpose of the agreements is to provide working capital to support the Company as it transacts with WolfStrike. The right of conversion into ordinary shares (on both the note and its accrued interest, charged at 12% per annum) is at the hands of the noteholder up until the maturity date of October 2015.

The directors anticipate that the proceeds both from the Prospectus and in the short-term from the convertible note will be sufficient to provide the Company with working capital to meet its operational needs.

Notes to the Financial Statements
For the Half-year Ended 31 December 2011

2. GOING CONCERN BASIS AND SUBSEQUENT EVENTS (CONTINUED)

Letters of financial support

The directors have received letters of financial support from parties associated with the proposed WolfStrike transactions and the third party majority holder of the previously mentioned convertible notes. The letter from the third party convertible note holder confirms that the holder intends and has the financial capacity to not call upon repayment of the note and its accrued interest at its maturity. The letters from the note holder and WolfStrike confirm both the note holder and WolfStrike intend to provide additional financial support, subject to the completion of the transaction, so that the Company has sufficient working capital to continue its operations for a period of at least twelve months from the date of signing this report, or to such point in time that the Company will have sufficient reserves of working capital that such financial support is not necessary.

If the above matters do not eventuate, the Company may not be able to continue as a going concern. This may necessitate a revaluation of its assets and / or a reclassification of its liabilities in the Statement of Financial Position and an adjustment to profit or loss due to these changes.

3. DEPOSIT PAID FOR THE ACQUISITION OF CONSOLIDATED STEEL GROUP LIMITED

The Company has paid a deposit for the acquisition of Consolidated Steel Group Pty Ltd. The deposit paid was funded through the issue of convertible notes, collectively worth \$633,810 and cash payments of \$346,814. The refundable deposit was paid in relation to a proposed acquisition for controlling interest in the share capital of Consolidated Steel Group Pty Ltd.

The convertible notes are secured with a fixed charge against deposit. In turn, the deposit is secured by personal guarantees against the directors of Consolidated Steel Group Pty Ltd. Subsequent to the reporting period and as a result of due diligence procedures, the directors resolved not to pursue with the investment and the deposit was refunded to the Company.

4. CONVERTIBLE NOTES

	December 2011	June 2011
	\$	\$
Current liabilities		
Convertible notes (i)	-	605,315
Convertible notes (ii)	-	712,059
	-	<u>1,317,374</u>

- (i) These notes, which featured an option to convert to equity pending the success of the proposed acquisition of Consolidated Steel Pty Group Pty Ltd were issued in order to finance the payment of the deposit for the acquisition of Consolidated Steel Group Pty Ltd. These convertible notes were fully settled during the half year period of 31 December 2011.
- (ii) These unsecured notes also feature an equity conversion feature, and were issued to raise working capital for the Company. The notes had 10% per annum interest bearing terms. On 25 October 2011, following a resolution at a general meeting in July 2011, the notes were

subsequently converted to equity for a total of 11,000,000 ordinary shares (post-consolidation), at fair value of 1 cents per share.

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DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The accompanying financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) giving a true and fair view of the Company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.
2. In the Directors' opinion 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 declaration is made in accordance with a resolution of the Board of Directors:



Director

Dated this 5 day of December, 2014

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CFT ENERGY LIMITED

Report on the Half-Year Financial Report

We were engaged to review the accompanying half-year financial report of CFT Energy Limited (the company), which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and 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.

Directors' Responsibility for the Half-Year 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on conducting our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity.

Because of the matter described in the Basis for Disclaimer of Conclusion paragraphs, however, we were not able to obtain sufficient appropriate evidence to provide a basis for our conclusion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Basis for Disclaimer of Conclusion

1. Access to books and records supporting expenditures of the company.

We were unable to access the necessary books, records and documentation supporting expenditures in the financial statements and the disclosures for related party transactions and compensation paid to key management personnel arising as a consequence of such expenditures. Due to this limitation, we are unable to determine what adjustments would be necessary, if any at all, to the expenditures represented in the financial statements and the disclosures in the notes to the financial statements of related party transactions and key management personnel compensation, were we able to access sufficient and appropriate evidence supporting these expenditures. Our audit opinion on the 30 June 2011 comparative information as contained in the financial statements for the year ended 30 June 2011 was also disclaimed on this basis.

CHARTERED ACCOUNTANTS & ADVISORS

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CFT ENERGY LIMITED (CONT)

2. Review evidence supporting the existence of a material uncertainty over the going concern assumption.

As disclosed in the Note 2 to the financial report, the Directors state that the Company's financial report has been prepared on a going concern basis. In assessing the going concern basis of preparation, the Company has made a number of assumptions including that:

- A party associated with the WolfStrike transaction has the intention and ability to provide working capital funding to the Company as necessary and for a period of at least 12 months from the date of this report or until such time as the Company can pay its debts as and when they fall due without jeopardising its available working capital position. As disclosed in Note 2 to the financial statements this letter of support is however contingent upon the successful execution of the WolfStrike acquisition.
- A convertible note issued subsequent to year end will not be repayable for a period of at least 12 months from the date of this report or until such time as time as the Company can repay the debt without jeopardising its available working capital position. As disclosed in Note 2 to the financial statements the convertible note matures in October 2015, however the company has received written representations from the note holder that it does not intend to call upon repayment of the notes and accrued interest subject to the successful execution of the WolfStrike acquisition. Our audit opinion on the annual financial statements for the year ended 30 June 2011 was also disclaimed on this basis.

As the WolfStrike acquisition is contingent upon a number of events, we have been unable to obtain sufficient appropriate review evidence to support an assessment as to whether or not the transaction will proceed.

As a result of our inability to obtain sufficient appropriate review evidence in relation to these matters, we have therefore been unable to obtain sufficient appropriate review evidence to determine whether a material uncertainty exists and accordingly whether the Company's has the ability to continue as a going concern for a period of at least 12 months from the date of this report.

Disclaimer of Conclusion

Because of the significance of the matter described in the Basis for Disclaimer of Conclusion paragraph, we have not been able to obtain sufficient appropriate review evidence to provide a basis for a review conclusion. Accordingly, we do not express a conclusion on the financial report.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CFT ENERGY LIMITED (CONT)

Emphasis of Matter – Opening Balances

Without further modification to the disclaimer of opinion expressed above, we draw attention to the following matter. The half year financial report of CFT Energy Limited for the half year ended 31 December 2010 was audited by another auditor who expressed an unmodified conclusion on the half year financial report. In undertaking our review in respect of the half year ended 31 December 2011 we were unable to obtain sufficient appropriate review evidence to satisfy ourselves in respect of opening balances as at 31 December 2010. Since opening balances enter into the determination of current half year results of operations and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the amounts for the half year reported in the statement of comprehensive income and net cash flows reported in the statement of cash flows. Had the above Disclaimer of Opinion not been issued, our review conclusion would have been qualified in this regard.



William Buck Audit [Vic] Pty Ltd

ABN 59 116 151 136



J. C. Luckins
Director

Dated this 5th day of December, 2014