

CL Asset Holdings Limited



Financial report for the half-year ended 31 December 2009

This Half Yearly Report is provided to the ASX under ASX Listing Rules 4.2A.3

This information should be read in conjunction with the most recent annual financial report

CL Asset Holdings Limited ABN 38 104 475 345

APPENDIX 4D
Half Yearly Report
Period ending 31 December 2009

This information is provided under listing rule 4.2A.3 for the half-year period ending 31 December 2009 and includes comparative information for the half-year period ending 31 December 2008.

Results for announcement to the market

	Half-year ended 31 December 2009 \$	Half-year ended 31 December 2008 \$	Amount change \$	% change
Revenue from ordinary activities	5,944,413	9,182,212	(3,237,799)	(35.3)
Profit / (loss) from ordinary activities after tax attributed to members	(172,710)	(2,500,847)	2,328,137	93.1
Profit / (loss) for the period attributed to members	(172,710)	(2,500,847)	2,328,137	93.1
No dividends have been paid, declared or recommended by the Company during the half-year ended 31 December 2009.				

Net tangible assets per security		
	Half-year ended 31 December 2009 \$	Half-year ended 31 December 2008 \$
Net tangible assets per ordinary share	4.32	4.50

Controlled entities

No controlled entities were acquired or disposed of during the period.

Associates and joint venture entities

No associates or joint venture entities were acquired or disposed of during the period.

Foreign entities

Not applicable.

Review report

This report is based on accounts which have been reviewed.

Refer to the half yearly financial report attached.

Financial report for the half-year ended 31 December 2009

Contents	Page
Directors' report	4-5
Auditor's independence declaration	6
Independent auditor's review report	7-8
Directors' declaration	9
Consolidated income statement	10
Consolidated balance sheet	11
Consolidated statement of changes in equity	12
Consolidated cash flow statement	13
Notes to the consolidated financial statements	14-16

Directors' report

Your Directors present their report on the consolidated entity consisting of CL Asset Holdings Limited and the entities it controlled at the end of, or during, the half-year ending 31 December 2009.

Directors

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

Theodore Baker, Managing Director
Gary Dainton, Non-executive Director
Peter Mitropoulos, Non-executive Director

Review of operations

A net loss was recorded for the six months ending 31 December 2009 of \$0.17 million. Revenue was down modestly as there were no property sales in the half-year and ICT hardware sales were down due to the strengthening of the Australian dollar. The Company's balance sheet remains strong, with net assets of \$20 million including \$1.1 million in cash as at 31 December 2009.

Asset Trading Group Pty Ltd

The Company established a subsidiary called Asset Trading Group Pty Ltd ("ATG") in August 2008. ATG is engaged in the sale of distressed Information and Communication Technology ("ICT") hardware which includes mobile phones, smart phones, personal digital assistant devices (PDAs), ICT accessories and other related products. ATG generally sells its stock to overseas' buyers predominantly in the Asian region. Over the last six months ATG has established relationships with buyers in European and American markets and expects to increase sales in these regions in the near future. Total sales fell slightly to \$5.2 million this half-year due to the rise in the Australian dollar resulting in increased product selling prices and hence reducing ATG's competitiveness.

Kinsmen Securities Limited

In December 2008 the Company completed its acquisition of Kinsmen Securities Limited ("Kinsmen"). Kinsmen is a specialist property fund manager for retail and institutional investors. During the last six months Kinsmen rationalised the number of funds it manages down to 5, saving on administration costs and improving overall efficiencies. The CL Asset Holdings Board is of the view that Kinsmen will provide a platform from which the Company can enter the property funds management sector in the years to come by leveraging Kinsmen's expertise and proven track record.

RewardsCorp Limited

CL Asset Holdings holds a 44% stake in RewardsCorp Limited ("RewardsCorp"). RewardsCorp is in the business of the design and implementation of leisure-based sales promotions, rewards programs and incentives for national and international organisations. As an adjunct to its business, in late 2007 RewardsCorp commenced a retail travel business focused on promoting and selling key international travel destinations.

RewardsCorp has made a small profit in the half-year improving from a loss last year. Further improved performance is budgeted by its management, however the Board has taken a prudent view not to reverse any of the previous year's impairment.

Rental Accommodation

The Company owns and manages 65 studio styled units located at its Waratah (Newcastle) site which are rented as budget and student styled accommodation. Occupancy levels averaged approximately 90% and continue to provide a stable rental return.

Directors' report (continued)

Lending

The Company advanced no new loans in the last six months however it did increase loan limits on two of its existing loans where additional security was provided. During the six months period loans totalling \$77,454 that had previously been provided against were recovered. No new loan provisions have been made in the period. Our loans are typically predicated on the borrower repaying their loan through the sale or refinancing of property held as security. Considering the broader issues in debt markets and an expectation that borrowers seeking to refinance will find it more difficult to do so the Company is expecting that a number of its borrowers will take longer to repay their loans.

Other Opportunities

The Company continues to consider other opportunities (related and unrelated to the Company's existing business), which may generate future sustainable growth and earnings for its shareholders and form the basis of the Company's longer term strategy.

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 on page 6 and forms part of the Directors' report for the half-year ended 31 December 2009.

This report is made in accordance with a resolution of the Directors.



Theodore Baker
Managing Director
Sydney
25 February 2010

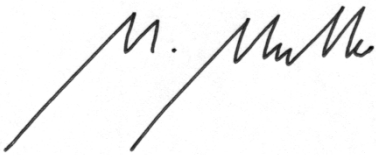
AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of CL Asset Holdings Limited:

As lead auditor for the review of CL Asset Holdings Limited for the half year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of CL Asset Holdings Limited and the entities it controlled during the period.



M D MULLER
Partner

Sydney
24 February 2010

HALF YEARLY REPORT
INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of CL Asset Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half year financial report of the CL Asset Holdings Limited group (“the consolidated entity”) which comprises the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors’ declaration as set out on pages 9 to 16. The consolidated entity comprises CL Asset Holdings Limited (“the company”) and the entities it controlled during that half year.

Directors’ Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors’ Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity’s financial position as at 31 December 2009 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. As the auditor of CL Asset Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

While we considered the effectiveness of management’s internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

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HALF YEARLY REPORT

INDEPENDENT AUDITOR'S REVIEW REPORT (CONT'D)

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of CL Asset Holdings Limited on 24 February 2010, would be in the same terms if provided to the directors as at the date of this auditors' review report.

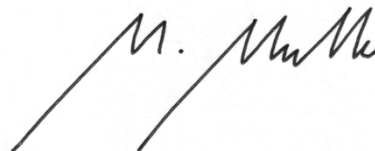
Conclusion

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 CL Asset Holdings Limited is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of 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 handwritten signature in black ink that reads 'HLB Mann Judd'.

**HLB Mann Judd
Chartered Accountants**

A handwritten signature in black ink that reads 'M. Muller'.

**M D MULLER
Partner**

**Sydney
25 February 2010**

Directors' declaration

In the Directors' opinion:

1. the financial statements and notes set out on pages 10 to 16 are in accordance with the Corporations Act 2001, including:
 - a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that CL Asset Holdings Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Theodore Baker', with a horizontal line extending to the right.

Theodore Baker
Managing Director
Sydney
25 February 2010

Consolidated Income Statement
for the half-year ended 31 December 2009

	Half-year ended	
	31 December 2009	31 December 2008
	\$	\$
Continuing Operations		
Revenue	5,944,413	9,182,212
Share of profit/(loss) of associate accounted for using the equity method	-	(172,515)
Cost of sales of ITC hardware	(5,082,903)	(6,403,717)
Cost of sales of non-current assets classified as held for sale	-	(701,752)
Impairment of investment in associate	-	(3,281,015)
Impairment of loans	-	(85,954)
Recovery of loans	77,454	-
Employee and Director benefits expenses	(481,865)	(297,809)
Depreciation and amortisation	(132,113)	(64,351)
Property expenses and outgoings	(110,439)	(119,896)
Consulting and professional fees	(247,410)	(95,066)
Administration expenses	(17,391)	(12,521)
Occupancy expenses	(14,974)	(45,435)
Insurance expenses	(56,267)	(12,410)
Finance costs	-	(11,075)
Telephone expenses	(11,371)	(6,731)
Other expenses	(137,133)	(64,762)
Loss before income tax	(269,999)	(2,192,797)
Income tax (expense)/benefit	38,858	(329,008)
Loss for the period	(231,141)	(2,521,805)
Other comprehensive income	-	-
Total comprehensive income for the period	(231,141)	(2,521,805)
Loss attributable to:		
Equity holders of the Company	(172,710)	(2,500,847)
Minority interest	(58,431)	(20,958)
	(231,141)	(2,521,805)
Earnings per share attributable to equity holders of the Company:		
Basic earnings per share (cents)	(3.68)	(53.3)
Diluted earnings per share (cents)	(3.68)	(53.3)

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

Consolidated Balance Sheet

as at 31 December 2009

	Notes	31 December 2009 \$	30 June 2009 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,102,933	1,302,704
Trade and other receivables		960,358	1,482,161
Financial assets	3	8,028,973	7,541,668
Other assets		44,704	107,953
Total current assets		10,136,968	10,434,486
Non-current assets			
Inventories	4	5,983,401	5,969,600
Investments accounted for using the equity method	5	-	-
Property, plant and equipment		4,335,021	4,456,078
Deferred tax assets		509,953	467,497
Total non-current assets		10,828,375	10,893,175
TOTAL ASSETS		20,965,343	21,327,661
LIABILITIES			
Current liabilities			
Trade and other payables		449,905	594,315
Employee entitlements		112,177	102,542
Total current liabilities		562,082	696,857
Non-current liabilities			
Deferred tax liabilities		47,385	43,787
Total non-current liabilities		47,385	43,787
TOTAL LIABILITIES		609,467	740,644
NET ASSETS		20,355,876	20,587,017
EQUITY			
Issued capital		23,696,428	23,696,428
Reserves		205,850	205,850
Accumulated losses		(3,654,282)	(3,481,572)
Capital and reserves attributable to equity holders of CL Asset Holdings Limited		20,247,996	20,420,706
Minority interest		107,880	166,311
TOTAL EQUITY		20,355,876	20,587,017

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

Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2009

	Attributable to members of CL Asset Holdings Limited					
	Issued capital \$	Reserves \$	Accumulated profit/(losses) \$	Total \$	Minority interest \$	Total equity \$
Balance at 1 July 2009	23,696,428	205,850	(3,481,572)	20,420,706	166,311	20,587,017
Loss for the period	-	-	(172,710)	(172,710)	(58,431)	(231,141)
Balance at 31 December 2009	23,696,428	205,850	(3,654,282)	20,247,996	107,880	20,355,876
Balance at 1 July 2008	23,696,428	204,650	(290,591)	23,610,487	-	23,610,487
Loss for the period	-	-	(2,500,847)	(2,500,847)	(20,958)	(2,521,805)
Minority interest on acquisition of subsidiary	-	-	-	-	205,000	205,000
Balance at 31 December 2008	23,696,428	204,650	(2,791,438)	21,109,640	184,042	21,293,682

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

Consolidated Cash Flow Statement
for the half-year ended 31 December 2009

	Half-year ended	
	31 December 2009	31 December 2008
	\$	\$
Cash flows from operating activities		
Receipts from customers	6,468,815	7,590,655
Payments to suppliers and employees	(6,272,063)	(6,868,643)
Interest and other costs of finance paid	-	(11,075)
Interest received	21,042	172,251
Net cash flows from operating activities	217,794	883,188
Cash flows from investing activities		
Payment for property, plant and equipment	(11,056)	(172,226)
Payment for acquisition of equity investment	-	(66,666)
Loans advanced	(938,758)	(4,179,297)
Loans repaid	532,249	1,991,818
Proceeds from sale of non-current assets classified as held for sale	-	1,000,000
Dividends received	-	171,782
Payment for acquisition of subsidiary, net of cash acquired	-	(474,731)
Net cash flows used in investing activities	(417,565)	(1,729,320)
Cash flows from financing activities		
Net cash flows from financing activities	-	-
Net decrease in cash and cash equivalents	(199,771)	(846,132)
Cash and cash equivalents at the beginning of period	1,302,704	4,690,561
Cash and cash equivalents at the end of period	1,102,933	3,844,429

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Basis of preparation of half year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by CL Asset Holdings Limited during the interim reporting period in accordance, with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. Segment information

The Group's primary segment reporting format is business segment.

Products and services within each business segment

For management purposes, the Group is organised into five major operating divisions – property development, rental, lending, trading and funds management. These divisions are the basis on which the Group reports its primary segment information. The principal products and services of each of these divisions are as follows:

- Property development The development and sale of residential and commercial accommodation.
- Rental The rental of residential and commercial accommodation to appropriate tenants.
- Lending The provision of secured short term bridging, business, investment and commercial loans.
- Trading The sale of ITC hardware.
- Funds management Fund manager, issuing property investment products and managing funds on behalf of investors.

	Consolidated	
	31 December 2009	31 December 2008
	\$	\$
For the half-year ended 31 December		
Segment revenue		
Property development	-	1,000,000
Rental	239,435	237,106
Lending	163,820	1,087,851
Trading	5,151,134	6,633,130
Funds management	350,917	40,248
Total of all segments	5,905,306	8,998,335
Unallocated corporate revenue	39,107	183,877
Consolidated revenue	5,944,413	9,182,212

Notes to the consolidated financial statements (cont'd)**2. Segment information (cont'd)**

	Consolidated	
For the half-year ended 31 December	31 December 2009	31 December 2008
	\$	\$
Segment results		
Property development	-	269,582
Rental	90,866	73,318
Lending	241,274	1,002,896
Trading	68,231	226,169
Funds management	(142,514)	(51,116)
Total of all segments	257,857	1,520,849
Unallocated corporate expenses net of unallocated revenue	(527,856)	(260,116)
Share of profit/(loss) from associate	-	(172,515)
Impairment loss from investment in associate	-	(3,281,015)
Loss before income tax	(269,999)	(2,192,797)
Income tax benefit/(expense)	38,858	(329,008)
Loss for the period	(231,141)	(2,521,805)

	Consolidated	
	31 December 2009	30 June 2009
	\$	\$
3. Financial assets		
Loans carried at amortised cost – secured	8,028,973	7,541,668
4. Inventory property		
Development projects at cost	5,983,401	5,969,600
5. Investments accounted for using the equity method		
Shares in associate – RewardsCorp Ltd	-	-

Movement in the carrying value of the consolidated entity's investment accounted for using the equity method is as follows:

Balance at the start of the period	-	3,625,312
Dividend received	-	(171,782)
Share of loss after income tax	-	(52,327)
Impairment	-	(3,401,203)
Balance at the end of the period	-	-

The investment in RewardsCorp was fully written off at 30 June 2009 as the Board was unable to predict when the associate would return to profit. The associate has reported a small profit for the half-year but with continued uncertainty in the outlook for the remainder of the year, the Group's share of profit has not been recognised in the half-year consolidated income statement.

The carrying value of the Group's investment in the associate will be reviewed at the full year ended 30 June 2010.

Notes to the consolidated financial statements (cont'd)

6. Contingent liabilities and contingent assets

The consolidated entity has no material contingent liabilities or contingent assets as at 31 December 2009.

7. Subsequent events

There has not been any matter or circumstance that has arisen since the end of the half-year period, that has 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 periods.