

CL Asset Holdings Limited

ABN 38 104 475 345



Preliminary Final Report

for the financial year ended 30 June 2011

Appendix 4E

Preliminary Final Report

Name of entity

CL Asset Holdings Limited

ABN:

38 104 475 345

1. Reporting period

Reporting period	Year ended 30 June 2011
Previous corresponding period	Year ended 30 June 2010

2. Results for announcement to the market

Revenue from ordinary activities	down	21 %	from	\$17,690,619	to	\$14,031,696
Loss from ordinary activities after tax attributable to members	up	435 %	from	(\$80,276)	to	(\$429,425)
Net loss for the period attributable to members	up	435 %	from	(\$80,276)	to	(\$429,425)

Dividends

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

3.

**Consolidated statement of comprehensive income
For the year ended 30 June 2011**

	Notes	2011 \$	2010 \$
Revenue from continuing operations	3	14,031,696	17,690,619
Cost of sales of ICT hardware		(9,935,120)	(14,452,425)
Cost of sales of non-current assets classified as held for sale		(2,106,969)	-
Cost of sales of non-current inventories		-	(790,910)
Impairment of trade receivables		(169,645)	(71,160)
Impairment of loans		(394,918)	(543,763)
Impairment of inventory properties		(50,560)	-
Employee and Director benefits expense		(984,951)	(874,209)
Depreciation and amortisation expense	4	(220,751)	(261,513)
Property expenses and outgoings		(177,486)	(268,949)
Consulting and professional fees		(435,928)	(465,306)
Listing and filing expenses		(25,499)	(22,786)
Occupancy expenses		(73,263)	(69,254)
Insurance expenses		(173,151)	(158,062)
Telephone expenses		(12,193)	(16,407)
Other expenses		(279,685)	(278,938)
Share of profits/(loss) of associate accounted for using the equity method		268,000	298,150
Loss before income tax		<u>(740,423)</u>	<u>(284,913)</u>
Income tax (expense)/benefit	5	298,231	165,404
Loss for the year		<u>(442,192)</u>	<u>(119,509)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(442,192)</u>	<u>(119,509)</u>
Total comprehensive income for the year is attributable to:			
Owners of CL Asset Holdings Limited		(429,425)	(80,276)
Non-controlling interests		(12,767)	(39,233)
		<u>(442,192)</u>	<u>(119,509)</u>
Earnings per share attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic earnings per share		(9.2)	(1.7)
Diluted earnings per share		(9.2)	(1.7)

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

4.

**Consolidated statement of financial position
As at 30 June 2011**

	Notes	2011 \$	2010 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	3,850,025	3,260,003
Trade and other receivables	7	866,947	1,419,961
Financial assets	8	7,366,694	6,354,134
Non-current assets classified as held for sale	11	-	2,106,969
Other assets		103,012	156,971
Total current assets		12,186,678	13,298,038
Non-current assets			
Inventories	10	5,214,960	5,237,381
Investments accounted for using the equity method	9	346,150	298,150
Property, plant and equipment	12	1,919,049	2,098,651
Deferred tax assets		887,345	595,331
Total non-current assets		8,367,504	8,229,513
TOTAL ASSETS		20,554,182	21,527,551
LIABILITIES			
Current liabilities			
Trade and other payables	13	413,644	940,863
Provisions	14	115,172	112,962
Total current liabilities		528,816	1,053,825
Non-current liabilities			
Deferred tax liabilities		-	6,218
Total non-current liabilities		-	6,218
TOTAL LIABILITIES		528,816	1,060,043
NET ASSETS		20,025,366	20,467,508
EQUITY			
Contributed equity	15	23,696,428	23,696,428
Reserves	16	3,600	3,600
Accumulated losses	17	(3,789,023)	(3,359,598)
Capital and reserves attributable to owners of CL Asset Holdings Limited		19,911,005	20,340,430
Non-controlling interests		114,361	127,078
TOTAL EQUITY		20,025,366	20,467,508

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

5.

**Consolidated statement of changes in equity
For the year ended 30 June 2011**

	Attributable to owners of CL Asset Holdings Limited				Non- controlling interests	Total equity
	Contributed equity	Reserves	Accumulated losses	Total		
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2009	23,696,428	205,850	(3,481,572)	20,420,706	166,311	20,587,017
Total comprehensive income for the year	-	-	(80,276)	(80,276)	(39,233)	(119,509)
Transactions with owners in their capacity as owners:						
Share-based payment transfer (out) in	-	(202,250)	202,250	-	-	-
Balance at 30 June 2010	23,696,428	3,600	(3,359,598)	20,340,430	127,078	20,467,508
Total comprehensive income for the year	-	-	(429,425)	(429,425)	(12,767)	(442,192)
Transactions with owners in their capacity as owners:						
Capital contribution of non-controlling interest	-	-	-	-	50	50
Balance at 30 June 2011	23,696,428	3,600	(3,789,023)	19,911,005	114,361	20,025,366

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

6.

**Consolidated statement of cash flows
For the year ended 30 June 2011**

Notes	2011 \$	2010 \$
Cash flows from operating activities		
Receipts from customers	11,835,531	16,784,325
Payments to suppliers and employees	(12,726,185)	(16,447,690)
Interest received	183,543	42,039
Dividends received	220,000	-
Net cash inflow (outflow) from operating activities	(487,111)	378,674
Cash flows from investing activities		
Payments for property, plant and equipment	(41,149)	(69,747)
Loans advanced	(1,807,776)	(2,572,258)
Loans repaid	401,008	3,219,086
Proceeds from sale of non-current assets classified as held for sale and other inventory properties	2,525,000	1,001,544
Payment for acquisition of subsidiary, net of cash acquired	50	-
Net cash inflow (outflow) from investing activities	1,077,133	1,578,625
Cash flows from financing activities		
Net cash inflow (outflow) from financing activities	-	-
Net increase (decrease) in cash and cash equivalents	590,022	1,957,299
Cash and cash equivalents at beginning of the financial year	3,260,003	1,302,704
Cash and cash equivalents at end of the financial year	3,850,025	3,260,003

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

Notes to the financial statements

1. Basis of preparation

This 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 2010 and any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the ASX listing rules of the Australian Securities Exchange.

The accounting policies adopted are consistent with those of the previous financial year. Where necessary, comparative figures have been adjusted with changes in the presentation in the current year.

2. Operating segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Directors based on the manner in which the product is sold and the nature of the services provided. Discrete financial information about each of these operating businesses is reported to the Board on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the products sold and/or the services provided, as these are the sources of the Group's major risks.

Types of products and services

- Property development and rental The development and sale of residential and commercial properties and rental accommodation operation.
- Lending The provision of secured short-term bridging, business, investment and commercial loans.
- Wholesale trading Wholesale trading of ICT hardware to local and overseas buyers.
- Funds management Issuing property investment products and managing funds on behalf of investors.

Inter-segment transactions

There are no inter-segment transactions.

Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the years ended 30 June 2011 and 2010 is as follows:

	Segment revenue		Segment profit/(loss) before tax	
	2011 \$	2010 \$	2011 \$	2010 \$
Property development and rental	2,774,948	1,513,133	330,445	382,196
Lending	148,895	635,562	(246,023)	91,799
Wholesale trading	10,035,401	14,680,731	70,650	169,517
Funds management	906,579	725,802	(15,230)	(95,693)
Total of all segments	13,865,823	17,555,228	139,842	547,819
Unallocated	165,873	135,391	(880,265)	(832,732)
Total per the statement of comprehensive income	14,031,696	17,690,619	(740,423)	(284,913)

Notes to the consolidated financial statements (cont'd)

3. Revenue

An analysis of the Group's revenue for the year is as follows:

	2011	2010
	\$	\$
Revenue consisted of the following items:		
Sale of goods	10,035,401	14,680,731
Revenue from the sale of non-current asset classified as held for sale	2,525,000	-
Revenue from the sale of inventory property	-	1,001,544
Revenue from rental accommodation	249,948	511,589
Funds management fees	876,579	725,802
Revenue from secured loans	148,895	635,562
Interest from bank deposits	183,543	42,039
Other revenue	12,330	93,352
	<u>14,031,696</u>	<u>17,690,619</u>

4. Expenses

	2011	2010
	\$	\$
Loss before income tax includes the following expenses:		
Depreciation and amortisation		
Buildings	35,618	68,628
Plant and equipment	33,822	37,795
Leasehold improvements, furniture and fittings	151,311	155,090
Total depreciation and amortisation	<u>220,751</u>	<u>261,513</u>
Impairment losses		
Impairment of trade receivables	169,645	71,160
Impairment of loans	394,918	543,763
Impairment of inventory properties	50,560	-
Foreign exchange losses		
Net foreign exchange losses	29,566	30,520
Occupancy expenses		
Rental expense relating to operating leases		
Minimum lease payments	73,263	69,254

Notes to the consolidated financial statements (cont'd)

5. Income taxes

	2011	2010
	\$	\$
Income tax expense		
Current tax expense	-	-
Deferred tax expense (benefit)	(298,231)	(165,404)
Total tax expense (benefit)	(298,231)	(165,404)
Deferred income tax (benefit) expense included in income tax expense (benefit) comprises:		
Decrease (increase) in deferred tax assets	(292,013)	(127,834)
(Decrease) increase in deferred tax liabilities	(6,218)	(37,570)
	(298,231)	(165,404)

6. Current assets - Cash and cash equivalents

	2011	2010
	\$	\$
Cash at bank and in hand	3,850,025	3,260,003
	3,850,025	3,260,003

Reconciliation to cash at end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balance as above	3,850,025	3,260,003
Bank overdraft	-	-
Balance per statement of cash flows	3,850,025	3,260,003

7. Current assets - Trade and other receivables

	2011	2010
	\$	\$
Trade receivables	964,345	1,435,032
Provision for impairment of receivables	(105,872)	(207,480)
	858,473	1,227,552
Goods and services tax recoverable	8,474	192,409
	866,947	1,419,961

8. Current assets - Financial assets

	2011	2010
	\$	\$
Loans carried at amortised cost:		
<u>Current</u>		
Interest-bearing secured loans	9,002,829	7,595,351
Provision for impairment of loans	(1,636,135)	(1,241,217)
	7,366,694	6,354,134

Notes to the consolidated financial statements (cont'd)

9. Non-current assets – Investments in associates

(a) Investment details

	2011 \$	2010 \$
<u>Unlisted</u>		
RewardsCorp Ltd	346,150	298,150
Investments in associates	346,150	298,150

RewardsCorp Ltd provides customer loyalty programs through the packaging of holiday accommodation and travel. It is a company incorporated in Australia and has 30 June reporting dates.

			Ownership interest	
			2011 %	2010 %
Name of entity	Country of incorporation	Principal activity		
RewardsCorp Ltd	Australia	Holiday and travel	44	44

(b) Movements in carrying amount

	2011 \$	2010 \$
RewardsCorp Ltd		
Carrying amount at the beginning of the financial year	298,150	-
Share of profit/(loss) after income tax	268,000	298,150
Dividends received	(220,000)	-
Impairment of investment in associate	-	-
Carrying amount at the end of the financial year	346,150	298,150

10. Non-current assets - Inventories

	2011 \$	2010 \$
Land and property held for development and resale	5,214,960	5,237,381
	5,214,960	5,237,381

11. Non-current assets classified as held for sale

	2011 \$	2010 \$
Land and property	-	2,106,969
	-	2,106,969

The sale of Stage 1 of Waratah, NSW which was originally acquired for rental accommodation, consisting of 40 student units, was completed in August 2010.

Notes to the consolidated financial statements (cont'd)

12. Non-current assets - Property, plant and equipment

	Freehold land at cost \$	Buildings at cost \$	Furniture & Fittings at cost \$	Plant and equipment at cost \$	Total \$
At 1 July 2009					
Cost or fair value	1,190,634	2,745,116	914,680	163,223	5,013,653
Accumulated depreciation	-	(281,806)	(204,333)	(71,436)	(557,575)
Net book amount	1,190,634	2,463,310	710,347	91,787	4,456,078
Year ended 30 June 2010					
Opening net book amount	1,190,634	2,463,310	710,347	91,787	4,456,078
Additions	-	-	6,794	4,261	11,055
Transferred to non-current assets classified as held for sale	(994,179)	(1,109,453)	(3,337)	-	(2,106,969)
Depreciation charge	-	(68,628)	(155,090)	(37,795)	(261,513)
Closing net book amount	196,455	1,285,229	558,714	58,253	2,098,651
At 30 June 2010					
Cost or fair value	196,455	1,424,733	754,572	166,329	2,542,089
Accumulated depreciation	-	(139,504)	(195,858)	(108,076)	(443,438)
Net book amount	196,455	1,285,229	558,714	58,253	2,098,651
Year ended 30 June 2011					
Opening net book amount	196,455	1,285,229	558,714	58,253	2,098,651
Additions	-	-	-	41,149	41,149
Depreciation charge	-	(35,618)	(151,311)	(33,822)	(220,751)
Closing net book amount	196,455	1,249,611	407,403	65,580	1,919,049
At 30 June 2011					
Cost or fair value	196,455	1,424,733	754,572	207,477	2,583,237
Accumulated depreciation	-	(175,122)	(347,169)	(141,897)	(664,188)
Net book amount	196,455	1,249,611	407,403	65,580	1,919,049

Notes to the consolidated financial statements (cont'd)

13. Current liabilities - Trade and other payables

	2011	2010
	\$	\$
Trade payables	195,042	754,247
PAYG payable	16,195	18,551
Accruals and other payables	202,407	130,401
Unearned interest and other loans	-	37,664
	413,644	940,863

14. Current liabilities - Provisions

	2011	2010
	\$	\$
Employee benefits		
Annual leave	62,582	75,653
Long service leave	52,590	37,309
	115,172	112,962

15. Contributed equity

	2011	2010
	\$	\$
Share capital		
4,692,327 fully paid ordinary shares (2010: 4,692,327)	23,696,428	23,696,428
	23,696,428	23,696,428

	2011		2010	
	Number	\$	Number	\$
Fully paid ordinary shares				
Balance at beginning of the year	4,692,327	23,696,428	4,692,327	23,696,428
Balance at end of the year	4,692,327	23,696,428	4,692,327	23,696,428

16. Reserves

	2011	2010
	\$	\$
Movements in reserves were as follows:		
Share-based payments		
Balance 1 July	3,600	205,850
Employee share plan expense	-	-
Transfer of expired options to accumulated losses	-	(202,250)
Balance 30 June	3,600	3,600

Notes to the consolidated financial statements (cont'd)

17. Accumulated losses

	2011	2010
	\$	\$
Movements in accumulated losses were as follows:		
Balance 1 July	(3,359,598)	(3,481,572)
Net loss for the year	(429,425)	(80,276)
Share-based payment transfer	-	202,250
Balance 30 June	<u>(3,789,023)</u>	<u>(3,359,598)</u>

18. Earnings per share

	2011	2010
	cents	cents
Basic earnings per share attributable to the ordinary equity holders of the Company	<u>(9.2)</u>	<u>(1.7)</u>
Diluted earnings per share attributable to the ordinary equity holders of the Company	<u>(9.2)</u>	<u>(1.7)</u>

Reconciliation of earnings used in the calculation of basic and diluted earnings per share

(a) Earnings used in the calculation of earnings per share

	2011	2010
	\$	\$
Loss for the year attributable to the ordinary equity holders of the Company	<u>(429,425)</u>	<u>(80,276)</u>

(b) Weighted average number of shares

	2011	2010
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	<u>4,692,327</u>	<u>4,692,327</u>

Options granted to the Directors under the CL Asset Holdings Option Plan are not considered to be potential ordinary shares and the Company therefore had no dilutive potential ordinary shares during the year. Diluted earnings per share are the same as basic earnings per share in both years.

6. Dividends

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

There were no dividends paid or declared during the previous financial period.

7. Details of dividend or distribution reinvestment plans in operation are described below:

Not applicable

8. Net tangible assets per security

Net tangible asset backing per ordinary security

Current period	Previous corresponding period
\$4.27	\$4.33

9. Details of entities over which control has been gained or lost during the period:

Control gained over entities

Name of entities

- a) Newcastle Waratah Investments Pty Ltd
- b) Trading Corp Pty Ltd

Date(s) of gain of control

- a) August 2010
- b) August 2010

Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired

- a) Loss \$537
- b) Loss \$13,045

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period

Not applicable

Loss of control of entities

Not applicable

10. Details of associates and joint venture entities

Name of associate or joint venture entity	% Securities held
RewardsCorp Ltd	44%

Aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	2011 \$	2010 \$
Profit/(loss) from ordinary activities before tax	870,130	990,864
Income tax benefit/(expense) on ordinary activities	(261,039)	(313,249)
Net profit/(loss) from ordinary activities after tax	609,091	677,615
Adjustments	-	-
Share of net profit/(loss) of associates and joint venture entities	268,000	298,150

11. Significant information relating to the entity's financial performance and financial position

See item 13.

12. The financial information provided in the Appendix 4E has been prepared in accordance with Australian accounting standards

13. Commentary on the results for the period

Total revenue for FY2011 was \$14 million, a 21% decrease over last year.

Net loss after tax for the year was \$0.43 million. Net loss was \$0.08 million for last year.

Earnings per share for the year were negative of 9.2 cents. Earnings per share for last year were negative of 1.7 cents.

The Company's balance sheet remains strong with no debt. Cash at bank as of 30 June 2011 was \$3.85 million. Net tangible asset backing per share was \$4.27, a decrease of 1.4% over last year.

14. Audit of the financial report

The financial report is in the process of being audited.

The financial report is not likely to be the subject of dispute or qualification.