

# CL Asset Holdings Limited



## Financial report for the half-year ended 31 December 2011

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 2011**

This information is provided under listing rule 4.2A.3 for the half-year period ended 31 December 2011 and includes comparative information for the half-year period ended 31 December 2010.

**Results for announcement to the market**

	Half-year ended 31 December 2011 \$	Half-year ended 31 December 2010 \$	Amount change \$	% change
Revenue from ordinary activities	11,834,194	10,045,725	1,788,469	17.8
Profit / (loss) from ordinary activities after tax attributed to members	(2,028)	117,020	(119,048)	N/A
Profit / (loss) for the period attributed to members	(2,028)	117,020	(119,048)	N/A

No dividends have been paid, declared or recommended by the Company during the half-year ended 31 December 2011.

**Net tangible assets per security**

	Half-year ended 31 December 2011 \$	Half-year ended 31 December 2010 \$
Net tangible assets per ordinary share	4.27	4.35

**Controlled entities**

My247deals Pty Limited and Clarke Property Holdings Pty Limited were founded during the period. Trading Corp Pty Limited was 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 2011**

<b>Contents</b>	<b>Page</b>
Directors' report	4-5
Auditor's independence declaration	6
Independent auditor's review report	7-8
Directors' declaration	9
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14-16

## **Directors' report**

Your Directors present their report on the consolidated entity consisting of CL Asset Holdings Limited ("the company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2011.

### **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**

The Group's net profit after tax for the half-year ended 31 December 2011 was \$13,429 (2010: net profit \$131,494). The decrease in profit is attributable to there being no profit on disposal of property recognised during the period. The significant increase in revenue for the period was attributable to the increase in sales of ICT hardware. The Group's balance sheet remains strong, with net assets of \$20.1 million including \$1.6 million in cash as at 31 December 2011.

### **Asset Trading Group Pty Ltd**

Sales for the half-year ended 31 December 2011 increased by 64% over the comparative period mainly as a consequence of its successfully sourcing a major supplier. However, due to the strengthening of the Australian dollar the profit margin remained low.

### **Kinsmen Securities Limited**

Performance of the fund management business improved over the half-year ended 31 December 2011 with total revenue up by 15% combined with some cost reduction initiatives producing a modest profit.

### **RewardsCorp Limited**

Sales for RewardsCorp for the six months ended 31 December 2011 jumped 66% mainly as a consequence of the company's successful marketing services and holiday sales. Accordingly this associate reported a net profit of \$218,528 for this 6 months, an increase of 211% over last corresponding period.

### **Land holdings and rental accommodation**

In November 2011 Waratah One Pty Ltd exchanged a contract for the sale of the parcel of land in Waratah for \$3.6 million. In January 2012 the purchaser requested the completion date to be extended to the end of June 2012.

There has been no significant progress made by the Group in the sale of its other land holdings.

### **Lending**

The Group's loan book grew during the period with the total outstanding as at 31 December 2011 being 16 % higher than at 30 June 2011. During the half-year no new loan provisions have been made.

### **Other Opportunities**

The Group continues to consider other opportunities (related and unrelated to the Group's existing businesses), which may generate future sustainable growth and earnings for its shareholders and form the basis of the Group's longer term strategy. In November 2011 the Company founded a new subsidiary, My247deals Pty Limited, engaging in online shopping.

**Directors' report (continued)**

**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 2011.

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

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

Theodore Baker  
Managing Director  
Sydney  
27 February 2012

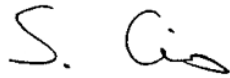
## AUDITOR'S INDEPENDENCE DECLARATION

### 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 2011, 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.

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

A handwritten signature in black ink, appearing to read 'S. Grivas'.

**S GRIVAS**  
**Partner**

**Sydney**  
**24 February 2012**

**HLB Mann Judd (NSW Partnership) ABN 34 482 821 289**

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**CL ASSET HOLDINGS LIMITED**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of CL Asset Holdings Limited

We have reviewed the accompanying half-year financial report of CL Asset Holdings 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, other selected explanatory notes and the directors' declaration of the consolidated entity as set out on pages 9 to 16. The consolidated entity comprises the company and the entities it controlled at the half-year end or from time to time during the half-year.

**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 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 our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 2011 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. 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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**CL ASSET HOLDINGS LIMITED**  
**INDEPENDENT AUDITOR'S REVIEW REPORT (continued)**

**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*, which has been given to the directors of CL Asset Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's 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:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *The Corporations Regulations 2001*.

HLB Mann Judd

**HLB MANN JUDD**  
**Chartered Accountants**

Sydney  
27 February 2012

  
**S Grivas**  
**Partner**



## 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 Australian Accounting Standard AASB 134 Interim Financial Reporting and 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 2011 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 from the end of the signature.

Theodore Baker  
Managing Director  
Sydney  
27 February 2012

**Statement of comprehensive income****For the half-year ended 31 December 2011**

	<b>Consolidated</b>	
	<b>31 December 2011</b>	<b>31 December 2010</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue from continuing operations</b>	11,834,194	10,045,725
Cost of sales of ITC hardware	(10,869,991)	(6,651,481)
Cost of sales of non-current assets classified as held for sale	-	(2,141,779)
Employee and Director benefits expenses	(470,479)	(470,333)
Depreciation and amortisation	(111,716)	(109,273)
Property expenses and outgoings	(50,284)	(98,877)
Consulting and professional fees	(242,246)	(203,807)
Listing and filing expenses	(20,245)	(19,314)
Occupancy expenses	(37,746)	(14,138)
Insurance expenses	(70,331)	(82,376)
Telephone expenses	(3,673)	(6,102)
Other expenses	(100,634)	(129,008)
Share of profit of associate accounted for using the equity method	96,152	30,912
<b>Profit/ (Loss) before income tax</b>	<b>(46,999)</b>	<b>150,149</b>
Income tax (expense)/benefit	60,428	(18,655)
<b>Profit for the period</b>	<b>13,429</b>	<b>131,494</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>13,429</b>	<b>131,494</b>
<b>Total comprehensive income for the period is attributable to:</b>		
Owners of CL Asset Holdings Limited	(2,028)	117,020
Non-controlling interests	15,457	14,474
	<b>13,429</b>	<b>131,494</b>
<b>Earnings per share attributable to ordinary equity holders of the Company:</b>		
Basic earnings per share (cents)	(0.04)	2.49
Diluted earnings per share (cents)	(0.04)	2.49

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

**Statement of financial position**

As at 31 December 2011

	Notes	Consolidated	
		31 December	30 June
		2011	2011
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,621,453	3,850,025
Trade and other receivables	3	1,960,724	866,947
Financial assets	4	8,802,781	7,366,694
Inventories	5	2,983,760	-
Other assets		45,696	103,012
<b>Total current assets</b>		<b>15,414,414</b>	<b>12,186,678</b>
<b>Non-current assets</b>			
Inventories	5	2,231,200	5,214,960
Investments accounted for using the equity method	6	267,357	440,841
Property, plant and equipment		1,807,333	1,919,049
Deferred tax assets		949,847	887,344
<b>Total non-current assets</b>		<b>5,255,737</b>	<b>8,462,194</b>
<b>TOTAL ASSETS</b>		<b>20,670,151</b>	<b>20,648,872</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		397,989	413,643
Employee entitlements		136,601	115,172
<b>Total current liabilities</b>		<b>534,590</b>	<b>528,815</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		2,075	-
<b>Total non-current liabilities</b>		<b>2,075</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>536,665</b>	<b>528,815</b>
<b>NET ASSETS</b>		<b>20,133,486</b>	<b>20,120,057</b>
<b>EQUITY</b>			
Contributed equity		23,696,428	23,696,428
Reserves		-	3,600
Accumulated losses		(3,642,606)	(3,723,927)
<b>Capital and reserves attributable to owners of CL Asset Holdings Limited</b>		<b>20,053,822</b>	<b>19,976,101</b>
Non-controlling interests		79,664	143,956
<b>TOTAL EQUITY</b>		<b>20,133,486</b>	<b>20,120,057</b>

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

**Statement of changes in equity****For the half-year ended 31 December 2011**

	<b>Consolidated</b>					<b>Total equity</b> \$
	<b>Attributable to owners of CL Asset Holdings Limited</b>					
	<b>Issued capital</b> \$	<b>Reserves</b> \$	<b>Accumulated profit/(losses)</b> \$	<b>Total</b> \$	<b>Non- controlling interests</b> \$	
<b>Balance at 1 July 2010</b>	23,696,428	3,600	(3,359,598)	20,340,430	127,078	20,467,508
Non-controlling interests arising from the forming of Trading Corp Pty Ltd	-	-	-	-	50	50
Total comprehensive income for the period	-	-	117,020	117,020	14,474	131,494
<b>Balance at 31 December 2010</b>	<b>23,696,428</b>	<b>3,600</b>	<b>(3,242,578)</b>	<b>20,457,450</b>	<b>141,602</b>	<b>20,599,052</b>
<b>Balance at 1 July 2011</b>	23,696,428	3,600	(3,723,927)	19,976,101	143,956	20,120,057
Non-controlling interests arising from the restructure of Kinsmen Securities Ltd and Trading Corp Pty Ltd	-	-	79,749	79,749	(79,749)	-
Total comprehensive income for the period	-	-	(2,028)	(2,028)	15,457	13,429
<b>Transactions with owners in their capacity as owners</b>						
Share-based payment transfer (out) in	-	(3,600)	3,600	-	-	-
<b>Balance at 31 December 2011</b>	<b>23,696,428</b>	<b>-</b>	<b>(3,642,606)</b>	<b>20,053,822</b>	<b>79,664</b>	<b>20,133,486</b>

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

**Statement of cash flows****For the half-year ended 31 December 2011**

	<b>Consolidated</b>	
	<b>31 December 2011</b>	<b>31 December 2010</b>
<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	10,864,250	6,956,458
Payments to suppliers and employees	(11,971,347)	(8,054,946)
Dividends received	269,636	220,000
Interest received	44,977	93,731
<b>Net cash inflow (outflow) from operating activities</b>	<b>(792,484)</b>	<b>(784,757)</b>
<b>Cash flows from investing activities</b>		
Payment for property, plant and equipment	-	(19,277)
Loans advanced	(1,436,088)	(1,344,891)
Loans repaid	-	169,534
Proceeds from sale of non-current assets classified as held for sale	-	2,525,000
Proceeds from non-controlling interests arising from the forming of a subsidiary	-	50
<b>Net cash inflow (outflow) from investing activities</b>	<b>(1,436,088)</b>	<b>1,330,416</b>
<b>Cash flows from financing activities</b>		
<b>Net cash inflow (outflow) from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,228,572)</b>	<b>545,659</b>
Cash and cash equivalents at the beginning of period	3,850,025	3,260,003
<b>Cash and cash equivalents at the end of period</b>	<b>1,621,453</b>	<b>3,805,662</b>

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

## Notes to the financial statements

### 1. Basis of preparation of half yearly report

This general purpose financial report for the interim half-year reporting period ended 31 December 2011 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 2011 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 has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

#### Types of products and services by segment:

- 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.

#### Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the half-year ended 31 December 2011 is as follows:

#### Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

For the half-year ended 31 December	<b>Consolidated</b>			
	<b>Segment revenue</b>		<b>Segment profit/(loss) before tax</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	\$	\$	\$	\$
Property development and rental	115,162	2,668,463	46,620	384,856
Lending	37,758	78,073	37,756	78,073
Wholesale trading	11,140,354	6,787,210	267,956	99,139
Funds management	474,302	411,373	88,327	52,210
Total of all segments	11,767,576	9,945,119	440,659	614,278
Unallocated	66,618	100,606	(487,658)	(464,129)
<b>Total</b>	<b>11,834,194</b>	<b>10,045,725</b>	<b>(46,999)</b>	<b>150,149</b>

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

Revenue reported above represents revenue generated from external customers. There was \$30,000 credit for inter-segment sales in the period (2010: \$nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of central administration costs and Directors' salaries and fees, investment revenue, profit/(loss) of associate and income tax expense/benefit. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

	<b>Consolidated</b>	
	<b>31 December 2011</b>	<b>30 June 2011</b>
	<b>\$</b>	<b>\$</b>
<b>3.Trade and other receivables</b>		
Trade receivables	1,955,413	964,345
Allowance for impairment of receivables	(82,572)	(105,872)
	1,872,841	858,473
Goods and services tax receivable	87,883	8,474
	<u>1,960,724</u>	<u>866,947</u>

Kinsmen Securities Limited (KSL) is a subsidiary of the Company and it is the responsible entity of six property and financing funds. As of 31 December 2011, KSL has past due trade and other receivables amounting to \$649,807 (June 2011: \$662,072), included in trade receivables above, outstanding from the funds. The receivables relate to unpaid management fees, insurance costs, employee entitlements and other establishment costs relating to the setup of the funds. Due to the changing property market, property valuations and lease renewals currently under negotiation, the Directors are uncertain as to the recoverability of the amounts outstanding from the funds. This places an uncertainty on the amounts which will be ultimately collected by KSL, however, the Directors do not consider the trade and other receivables to be impaired at the end of the period.

**4.Financial assets**

Loans carried at amortised cost – secured	8,802,781	7,366,694
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**5.Inventories****Current**

Development projects at cost	2,983,760	-
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**Non-Current**

Development projects at cost	2,231,200	5,214,960
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Part of inventory has been classified as current to reflect the Company's contract for sale to realise the property within the next 12 months.

**Notes to the financial statements (cont'd)**

<b>Consolidated</b>	
<b>31 December</b>	<b>30 June</b>
<b>2011</b>	<b>2011</b>
<b>\$</b>	<b>\$</b>

**6. Investments accounted for using the equity method**

Shares in associate – RewardsCorp Ltd	267,357	440,841
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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	440,841	298,150
Dividend received	(269,636)	(220,000)
Share of profit after income tax	96,152	362,691
Balance at the end of the period	267,357	440,841

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. For the year ended 30 June 2010 the balance was re-stated to \$298,150 due to the share of profit for the year. The associate reported a profit of \$218,528 for this half-year, of which \$96,152 (44% interest) was recognised in the carrying value. However, due to the continued uncertainty in the outlook for the remainder of the year the Group did not reverse its impairment from prior periods.

The recent event of Air Australia's decision to enter voluntary administration on 17 February 2012 will impact the results of RewardsCorp in the second half of the financial year, as a consequence of the associate having paid for air travel in advance for certain holiday packages. The management of RewardsCorp is working to minimise the financial impact of this event on its results and its customers and is unable to quantify the financial effects at the time of issuing this report.

The carrying value of the Group's investment in the associate will be reviewed at the full year ended 30 June 2012.

**7. Contingent liabilities and contingent assets**

The consolidated entity has no material contingent liabilities or contingent assets as at 31 December 2011.

**8. Subsequent events**

Except for the RewardsCorp's event referred to in note 6, 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.

**9. Controlled entities**

My247deals Pty Limited and Clarke Property Holdings Pty Limited were founded during the period. Trading Corp Pty Limited was disposed of during the period.

The Company acquired additional shares for \$2 and increased its ownership interest in Kinsmen Securities Limited from 59% to 82.5% during the period.