

CL Asset Holdings Limited

ABN 38 104 475 345



Preliminary Final Report

for the financial year ended 30 June 2012

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 2012
Previous corresponding period	Year ended 30 June 2011

2. Results for announcement to the market

Revenue from ordinary activities	up	69 %	from	\$14,031,696	to	\$23,671,336
Profit/(loss) from ordinary activities after tax attributable to members	N/A	N/A	from	(\$364,329)	to	\$129,086
Net profit/(loss) for the period attributable to members	N/A	N/A	from	(\$364,329)	to	\$129,086

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 2012**

	Notes	2012 \$	2011 \$
Revenue from continuing operations	3	23,671,336	14,031,696
Cost of sales of ICT hardware		(17,212,450)	(9,935,120)
Cost of sales of others		(237,609)	-
Cost of sales of non-current assets classified as held for sale		-	(2,106,969)
Cost of sales of non-current inventories		(3,565,566)	-
Impairment of trade receivables		34,329	(169,645)
Impairment of loans		-	(394,918)
Impairment of inventory properties		-	(50,560)
Impairment of other properties		(262,500)	-
Employee and Director benefits expense		(953,388)	(984,951)
Depreciation and amortisation expense	4	(223,086)	(220,751)
Property expenses and outgoings		(140,837)	(177,486)
Consulting and professional fees		(552,952)	(435,928)
Listing and filing expenses		(25,102)	(25,499)
Occupancy expenses		(80,185)	(73,263)
Insurance expenses		(142,027)	(173,151)
Telephone expenses		(7,928)	(12,193)
Other expenses		(216,418)	(279,685)
Share of profits/(loss) of associate accounted for using the equity method		-	362,691
Profit/(loss) before income tax		<u>85,617</u>	<u>(645,732)</u>
Income tax (expense)/benefit	5	70,051	298,231
Profit/(loss) for the year		<u>155,668</u>	<u>(347,501)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>155,668</u>	<u>(347,501)</u>
Total comprehensive income for the year is attributable to:			
Owners of CL Asset Holdings Limited		129,086	(364,329)
Non-controlling interests		26,582	16,828
		<u>155,668</u>	<u>(347,501)</u>
Earnings per share attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic earnings per share		2.8	(7.8)
Diluted earnings per share		2.8	(7.8)

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 2012**

	Notes	2012 \$	2011 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	6,252,093	3,850,025
Trade and other receivables	7	2,680,580	866,947
Inventories		32,250	-
Financial assets	8	1,301,088	7,366,694
Other assets		75,460	103,012
Total current assets		10,341,471	12,186,678
Non-current assets			
Receivables	7	562,539	-
Financial assets	8	6,413,035	-
Investments accounted for using the equity method	9	171,205	440,841
Inventories	10	1,703,874	5,214,960
Property, plant and equipment	12	1,695,963	1,919,049
Other properties	13	262,500	-
Deferred tax assets		972,327	887,344
Total non-current assets		11,781,443	8,462,194
TOTAL ASSETS		22,122,914	20,648,872
LIABILITIES			
Current liabilities			
Trade and other payables	14	1,688,991	413,643
Provisions	15	143,268	115,172
Total current liabilities		1,832,259	528,815
Non-current liabilities			
Deferred tax liabilities		14,932	-
Total non-current liabilities		14,932	-
TOTAL LIABILITIES		1,847,191	528,815
NET ASSETS		20,275,723	20,120,057
EQUITY			
Contributed equity	16	23,696,428	23,696,428
Reserves	17	-	3,600
Accumulated losses	18	(3,505,003)	(3,723,927)
Capital and reserves attributable to owners of CL Asset Holdings Limited		20,191,425	19,976,101
Non-controlling interests		84,298	143,956
TOTAL EQUITY		20,275,723	20,120,057

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 2012**

	Attributable to owners of CL Asset Holdings Limited				Non- controlling interests	Total equity
	Contributed equity	Reserves	Accumulated losses	Total		
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2010	23,696,428	3,600	(3,359,598)	20,340,430	127,078	20,467,508
Total comprehensive income for the year	-	-	(364,329)	(364,329)	16,828	(347,501)
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	(3,723,927)	19,976,101	143,956	20,120,057
Total comprehensive income for the year	-	-	129,086	129,086	26,582	155,668
Transactions with owners in their capacity as owners:						
Transactions with non- controlling interest	-	-	86,238	86,238	(86,240)	(2)
Share-based payment transfer (out) in	-	(3,600)	3,600	-	-	-
Balance at 30 June 2011	23,696,428	-	(3,505,003)	20,191,425	84,298	20,275,723

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 2012**

Notes	2012 \$	2011 \$
Cash flows from operating activities		
Receipts from customers	17,088,229	11,865,305
Payments to suppliers and employees	(18,919,116)	(12,755,959)
Interest received	129,137	183,543
Dividends received	269,636	220,000
Net cash inflow (outflow) from operating activities	(1,432,114)	(487,111)
Cash flows from investing activities		
Payments for property, plant and equipment	-	(41,149)
Loans advanced	(1,436,088)	(1,807,776)
Loans repaid	563,657	401,008
Proceeds from sale of non-current assets classified as held for sale and other inventory properties	-	2,525,000
Proceeds from sale of non-current inventory properties	4,706,613	-
Payment for acquisition of subsidiary, net of cash acquired	-	50
Net cash inflow (outflow) from investing activities	3,834,182	1,077,133
Cash flows from financing activities		
Net cash inflow (outflow) from financing activities	-	-
Net increase (decrease) in cash and cash equivalents	2,402,068	590,022
Cash and cash equivalents at beginning of the financial year	3,850,025	3,260,003
Cash and cash equivalents at end of the financial year	6,252,093	3,850,025

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 2011 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.
- Online retailing Online retailing business was started in this financial year.

Inter-segment transactions

Inter-segment sales and loans are initially recognized and eliminated in the consolidated financial statements.

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 2012 and 2011 is as follows:

	Segment revenue		Segment profit/(loss) before tax	
	2012	2011	2012	2011
	\$	\$	\$	\$
Property development and rental	4,928,143	2,774,948	1,167,250	323,570
Lending	31,941	148,895	(230,559)	(246,023)
Wholesale trading	17,522,959	10,035,401	270,429	69,017
Funds management	937,889	906,579	105,469	56,566
Online retailing	110,858	-	(191,696)	-
Total of all segments	23,531,790	13,865,823	1,120,893	203,130
Unallocated	139,546	165,873	(1,035,276)	(848,862)
Total per the statement of comprehensive income	23,671,336	14,031,696	85,617	(645,732)

Notes to the consolidated financial statements (cont'd)

3. Revenue

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

	2012	2011
	\$	\$
Revenue consisted of the following items:		
Sale of goods	17,595,372	10,035,401
Revenue from the sale of non-current asset classified as held for sale	-	2,525,000
Revenue from the sale of inventory property	4,706,613	-
Revenue from rental accommodation	221,530	249,948
Funds management fees	967,889	876,579
Revenue from secured loans	31,941	148,895
Interest from bank deposits	129,137	183,543
Other revenue	18,854	12,330
	<u>23,671,336</u>	<u>14,031,696</u>

4. Expenses

	2012	2011
	\$	\$
Profit/loss before income tax includes the following expenses:		
Depreciation and amortisation		
Buildings	35,619	35,618
Plant and equipment	38,599	33,822
Leasehold improvements, furniture and fittings	148,868	151,311
Total depreciation and amortisation	<u>223,086</u>	<u>220,751</u>
Impairment losses		
Impairment/(recovery) of trade receivables	(34,329)	169,645
Impairment of loans	-	394,918
Impairment of inventory properties	-	50,560
Impairment of other properties	(262,500)	-
Foreign exchange losses		
Net foreign exchange losses/(profit)	(5,485)	29,566
Occupancy expenses		
Rental expense relating to operating leases		
Minimum lease payments	80,185	73,263

Notes to the consolidated financial statements (cont'd)

5. Income taxes

	2012	2011
	\$	\$
Income tax expense		
Current tax expense	-	-
Deferred tax expense (benefit)	(70,051)	(298,231)
Total tax expense (benefit)	(70,051)	(298,231)

Deferred income tax (benefit) expense included in income tax expense (benefit) comprises:

Decrease (increase) in deferred tax assets	(84,983)	(292,013)
(Decrease) increase in deferred tax liabilities	14,932	(6,218)
	(70,051)	(298,231)

6. Current assets - Cash and cash equivalents

	2012	2011
	\$	\$
Cash at bank and in hand	6,252,093	3,850,025
	6,252,093	3,850,025

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	6,252,093	3,850,025
Bank overdraft	-	-
Balance per statement of cash flows	6,252,093	3,850,025

7. Current and non-current assets - Trade and other receivables

Current

Trade receivables	2,681,415	964,345
-------------------	-----------	---------

Non-current

Trade receivables	562,539	-
-------------------	---------	---

Provision for impairment of receivables	-	(105,872)
	3,243,954	858,473

Goods and services tax recoverable (payable)	(835)	8,474
	3,243,119	866,947

8. Current and non-current assets - Financial assets

Loans carried at amortised cost:

Current

Interest-bearing secured loans	1,301,088	9,002,829
--------------------------------	-----------	-----------

Non-current

Interest-bearing secured loans	8,049,170	-
--------------------------------	-----------	---

Provision for impairment of loans	(1,636,135)	(1,636,135)
	7,714,123	7,366,694

Notes to the consolidated financial statements (cont'd)

9. Non-current assets – Investments in associates

(a) Investment details

	2012 \$	2011 \$
<u>Unlisted</u>		
RewardsCorp Ltd	171,205	440,841
Investments in associates	171,205	440,841

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	
			2012 %	2011 %
Name of entity	Country of incorporation	Principal activity		
RewardsCorp Ltd	Australia	Holiday and travel	44	44

(b) Movements in carrying amount

	2012 \$	2011 \$
RewardsCorp Ltd		
Carrying amount at the beginning of the financial year	440,841	298,150
Share of profit/(loss) after income tax	-	362,691
Dividends received	(269,636)	(220,000)
Impairment of investment in associate	-	-
Carrying amount at the end of the financial year	171,205	440,841

10. Non-current assets - Inventories

	2012 \$	2011 \$
Land and property held for development and resale	1,703,874	5,214,960
	1,703,874	5,214,960

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 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
Year ended 30 June 2012					
Opening net book amount	196,455	1,249,611	407,403	65,580	1,919,049
Additions	-	-	-	-	-
Depreciation charge	-	(35,619)	(148,868)	(38,599)	(223,086)
Closing net book amount	196,455	1,213,992	258,535	26,981	1,695,963
At 30 June 2012					
Cost or fair value	196,455	1,424,733	754,572	207,477	2,583,237
Accumulated depreciation	-	(210,741)	(496,037)	(180,496)	(887,274)
Net book amount	196,455	1,213,992	258,535	26,981	1,695,963

Notes to the consolidated financial statements (cont'd)

13. Non-current assets – Other properties

	2012 \$	2011 \$
Other properties	525,000	-
Provision for impairment of other properties	(262,500)	-
	262,500	-

14. Current liabilities - Trade and other payables

	2012 \$	2011 \$
Trade payables	1,423,237	195,041
PAYG payable	15,291	16,195
Accruals and other payables	250,463	202,407
	1,688,991	413,643

15. Current liabilities - Provisions

	2012 \$	2011 \$
Employee benefits		
Annual leave	80,249	62,582
Long service leave	63,019	52,590
	143,268	115,172

16. Contributed equity

	2012 \$	2011 \$
Share capital		
4,692,327 fully paid ordinary shares (2010: 4,692,327)	23,696,428	23,696,428

	2012		2011	
	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

17. Reserves

	2012 \$	2011 \$
Movements in reserves were as follows:		
Share-based payments		
Balance 1 July	3,600	3,600
Employee share plan expense	-	-
Transfer of expired options to accumulated losses	(3,600)	-
Balance 30 June	-	3,600

Notes to the consolidated financial statements (cont'd)

18. Accumulated losses

	2012	2011
	\$	\$
Movements in accumulated losses were as follows:		
Balance 1 July	(3,723,927)	(3,359,598)
Net profit/(loss) for the year	129,086	(364,329)
Transactions with non-controlling interest	86,238	-
Share-based payment transfer	3,600	-
Balance 30 June	<u>(3,505,003)</u>	<u>(3,723,927)</u>

19. Earnings per share

	2012	2011
	cents	cents
Basic earnings per share attributable to the ordinary equity holders of the Company	<u>2.8</u>	<u>(7.8)</u>
Diluted earnings per share attributable to the ordinary equity holders of the Company	<u>2.8</u>	<u>(7.8)</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

	2012	2011
	\$	\$
Profit/(loss) for the year attributable to the ordinary equity holders of the Company	<u>129,086</u>	<u>(364,329)</u>

(b) Weighted average number of shares

	2012	2011
	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>

As of 30 June 2012 there were no options outstanding.

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
\$4.30	\$4.26

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

Control gained over entities

Name of entities

a) My247deals Pty Ltd
b) Clarke Property Holdings Pty Ltd

Date(s) of gain of control

a) September 2011
b) November 2011

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 \$191,696
b) Loss \$1,051

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

Name of entities

Trading Corp Pty Ltd

Date(s) of loss of control

August 2011

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':	2012 \$	2011 \$
Profit/(loss) from ordinary activities before tax	-	519,056
Income tax benefit/(expense) on ordinary activities	-	(156,365)
Net profit/(loss) from ordinary activities after tax	-	362,691
Adjustments	-	-
Share of net profit/(loss) of associates and joint venture entities	-	362,691

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 FY2012 was \$24 million, a 69% increase over last year.

Net profit after tax for the year was \$0.13 million. Net loss after tax was \$0.36 million for last year.

Earnings per share for the year were positive of 2.8 cents. Earnings per share for last year were negative of 7.8 cents.

The Company's balance sheet remains strong with no debt. Cash at bank as of 30 June 2012 was \$6.25 million. Net tangible asset backing per share was \$4.30, an increase of 0.9 % 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.