

# CL Asset Holdings Limited



## Financial report for the half-year ended 31 December 2012

This Half-Year 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

**APPENDIX 4D**  
**Half Year Report**  
**Period ended 31 December 2012**

This information is provided under listing rule 4.2A.3 for the half-year ended 31 December 2012 and includes comparative information for the half-year ended 31 December 2011.

**Results for announcement to the market**

	Half-year ended 31 December 2012 \$	Half-year ended 31 December 2011 \$	Amount change \$	% change
Revenue from ordinary activities	9,246,796	11,834,194	(2,587,398)	(22)
Loss from ordinary activities after tax attributed to members	(1,428,279)	(2,028)	(1,426,251)	70,328
Loss for the period attributed to members	(1,428,279)	(2,028)	(1,426,251)	70,328

No dividends have been paid, declared or recommended by the Company during, or since, the half-year ended 31 December 2012. The Company does not propose to pay a dividend in respect of the half-year ended 31 December 2012.

An explanation of the above figures is contained in the "Review of Operations" included within the attached directors' report.

**Net tangible assets per security**

	Half-year ended 31 December 2012 \$	Half-year ended 31 December 2011 \$
Net tangible assets per ordinary share	4.01	4.27

**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-year financial report attached.

## **Financial report for the half-year ended 31 December 2012**

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## **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 2012.

### **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 loss after tax for the half-year ended 31 December 2012 was \$1,422,905 (2011: net profit \$13,429). The overall loss is attributable to the decrease in sales of ICT hardware and the provision of loans impairment during the period. The Group's balance sheet remains strong, with net assets of \$18.9 million including \$6.6 million in cash as at 31 December 2012.

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

Sales for the half-year ended 31 December 2012 decreased by 29% over the comparative period mainly as a consequence of the strengthening of the Australian dollar and the profit margins remaining low.

#### **Kinsmen Securities Limited**

Both revenue and profit of the fund management business contracted over the half-year ended 31 December 2012 primarily as a consequence of one of its funds paying less management fees due to a reduction of property valuations of that fund.

#### **Ignite Travel Group Limited**

Sales for Ignite Travel Group for the six months ended 31 December 2012 jumped 37% as a result of the company's successful marketing campaign and holiday period sales. Ignite Travel Group reported a net profit of \$445,993 for this 6 months, an increase of 104% over the previous corresponding period.

#### **My247deals Pty Limited**

My247deals Pty Limited's sales have increased considerably since commencing business last year. However, as the business remains in start up phase it achieved a loss during the period.

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

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

#### **Lending**

During the half-year loans totalling \$782,659 were repaid and there were no new loans booked. New loan provisions in the amount of \$2 million have been made during the period (refer note 4).

#### **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.

**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 2012.

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 from the end of the signature.

Theodore Baker  
Managing Director  
Sydney  
28 February 2013

**CL ASSET HOLDINGS LIMITED**

**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 2012, 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.



**S Grivas**  
Partner

**Sydney**  
**28 February 2013**

**CL ASSET HOLDINGS LIMITED****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 CL Asset Holdings Limited ("the company"), which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year then ended, other selected explanatory information, and the directors' declaration of the consolidated entity, comprising 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 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 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 2012 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 the company, 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.

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

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 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

S. Grivas

S Grivas  
Partner

Sydney  
28 February 2013



## Directors' declaration

In the Directors' opinion:

1. the financial statements and notes set out on pages 10 to 17 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 2012 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 'SBL', with a horizontal line extending to the right.

Theodore Baker  
Managing Director  
Sydney  
28 February 2013

**Statement of comprehensive income****For the half-year ended 31 December 2012**

	<b>Consolidated</b>	
	<b>31 December 2012</b>	<b>31 December 2011</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue from continuing operations</b>	9,246,796	11,834,194
Cost of sales of ITC hardware and online retailing	(8,361,221)	(10,883,323)
Impairment of loans	(2,000,000)	-
Employee and Director benefits expenses	(637,511)	(470,479)
Depreciation and amortisation	(99,467)	(111,716)
Property expenses and outgoings	(42,925)	(50,284)
Consulting and professional fees	(283,390)	(242,246)
Listing and filing expenses	(28,554)	(20,245)
Occupancy expenses	(31,862)	(37,746)
Insurance expenses	(43,296)	(70,331)
Telephone expenses	(4,972)	(3,673)
Other expenses	(160,272)	(87,302)
Share of profit of associate accounted for using the equity method	196,237	96,152
<b>Loss before income tax</b>	<b>(2,250,437)</b>	<b>(46,999)</b>
Income tax benefit	827,532	60,428
<b>Profit/(Loss) for the period</b>	<b>(1,422,905)</b>	<b>13,429</b>
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>(1,422,905)</b>	<b>13,429</b>
<b>Total comprehensive income/(loss) for the period is attributable to:</b>		
Owners of CL Asset Holdings Limited	(1,428,279)	(2,028)
Non-controlling interests	5,374	15,457
	<b>(1,422,905)</b>	<b>13,429</b>
<b>Earnings per share attributable to ordinary equity holders of the Company:</b>		
Basic earnings per share (cents)	(30.44)	(0.04)
Diluted earnings per share (cents)	(30.44)	(0.04)

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

**Statement of financial position**

As at 31 December 2012

	Notes	Consolidated	
		31 December 2012 \$	30 June 2012 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		6,624,403	6,252,095
Trade and other receivables	3	1,789,113	3,062,773
Financial assets	4	1,301,088	1,301,088
Inventories	5	100,800	32,250
Other assets		61,411	75,460
<b>Total current assets</b>		<b>9,876,815</b>	<b>10,723,666</b>
<b>Non-current assets</b>			
Trade and other receivables	3	215,669	181,182
Financial assets	4	3,630,377	6,413,035
Inventories	5	1,711,082	1,703,874
Investments accounted for using the equity method	6	435,158	238,921
Property, plant and equipment		1,858,996	1,958,463
Deferred tax assets		1,796,294	974,511
<b>Total non-current assets</b>		<b>9,647,576</b>	<b>11,469,986</b>
<b>TOTAL ASSETS</b>		<b>19,524,391</b>	<b>22,193,652</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		401,163	1,689,827
Employee entitlements		191,326	143,268
<b>Total current liabilities</b>		<b>592,489</b>	<b>1,833,095</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		9,182	14,932
<b>Total non-current liabilities</b>		<b>9,182</b>	<b>14,932</b>
<b>TOTAL LIABILITIES</b>		<b>601,671</b>	<b>1,848,027</b>
<b>NET ASSETS</b>		<b>18,922,720</b>	<b>20,345,625</b>
<b>EQUITY</b>			
Contributed equity		23,696,428	23,696,428
Reserves		86,238	86,238
Accumulated losses		(4,950,002)	(3,521,723)
<b>Capital and reserves attributable to owners of CL Asset Holdings Limited</b>		<b>18,832,664</b>	<b>20,260,943</b>
Non-controlling interests		90,056	84,682
<b>TOTAL EQUITY</b>		<b>18,922,720</b>	<b>20,345,625</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 2012

	<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 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/(loss) 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>
<b>Balance at 1 July 2012</b>	23,696,428	86,238	(3,521,723)	20,260,943	84,682	20,345,625
Total comprehensive income/(loss) for the period	-	-	(1,428,279)	(1,428,279)	5,374	(1,422,905)
<b>Balance at 31 December 2012</b>	<b>23,696,428</b>	<b>86,238</b>	<b>(4,950,002)</b>	<b>18,832,664</b>	<b>90,056</b>	<b>18,922,720</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 2012**

	<b>Consolidated</b>	
	<b>31 December 2012 \$</b>	<b>31 December 2011 \$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	10,382,169	10,864,250
Payments to suppliers and employees	(11,118,133)	(11,971,347)
Dividends received	-	269,636
Interest received	325,613	44,977
<b>Net cash outflow from operating activities</b>	<b>(410,351)</b>	<b>(792,484)</b>
<b>Cash flows from investing activities</b>		
Loans advanced	-	(1,436,088)
Loans repaid	782,659	-
<b>Net cash inflow (outflow) from investing activities</b>	<b>782,659</b>	<b>(1,436,088)</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>372,308</b>	<b>(2,228,572)</b>
Cash and cash equivalents at the beginning of period	6,252,095	3,850,025
<b>Cash and cash equivalents at the end of period</b>	<b>6,624,403</b>	<b>1,621,453</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-year report

This general purpose financial report for the half-year reporting period ended 31 December 2012 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 2012 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.
- Online retailing      Online retailing business for various products, including health & beauty, home & outdoor, pet products, technology, toys and wines.
- 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 2012 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>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	\$	\$	\$	\$
Property development and rental	111,000	115,162	50,501	46,620
Lending	194,582	37,758	(1,805,418)	37,756
Wholesale trading	7,939,564	11,140,354	81,283	267,956
Online retailing	493,243	10,705	(179,983)	(49,584)
Funds management	398,505	474,302	27,321	88,327
Total of all segments	9,136,894	11,778,281	(1,826,296)	391,075
Unallocated	109,902	55,913	(424,141)	(438,074)
Total	9,246,796	11,834,194	(2,250,437)	(46,999)

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

Revenue reported above represents revenue generated from external customers. There was \$48,000 for inter-segment sales in the period (2011: \$30,000 credit).

**Segment assets**

The following is an analysis of the Group's total assets from continuing operations by reportable segment.

	<b>Consolidated</b>	
	<b>31 December 2012</b>	<b>30 June 2012</b>
	<b>\$</b>	<b>\$</b>
Property development and rental	3,103,794	3,059,019
Lending	5,193,965	7,976,623
Wholesale trading	1,261,683	2,718,716
Funds management	763,118	677,907
Online retailing	103,530	44,255
<b>Total segment assets</b>	<b>10,426,090</b>	<b>14,476,520</b>
Unallocated items	9,098,301	7,717,132
<b>Total assets as per the statement of financial position</b>	<b>19,524,391</b>	<b>22,193,652</b>

The lending segment reported a material change in total assets due to the repayment of 2 loans and an increase in the loan impairment provision (refer note 4).

**3. Trade and other receivables**

	<b>Consolidated</b>	
	<b>31 December 2012</b>	<b>30 June 2012</b>
	<b>\$</b>	<b>\$</b>
<u>Current</u>		
Trade receivables	1,684,963	3,062,773
Goods and services tax recoverable	104,150	-
	1,789,113	3,062,773
<u>Non-current</u>		
Trade receivables	215,669	181,182
	2,004,782	3,243,955

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 2012, KSL has past due trade and other receivables amounting to \$663,028 (June 2012: \$591,894), 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 continuing uncertainty of property valuations and recent events in the funds which are beyond the Directors control, the Directors are uncertain as to the timing of the recoverability of the amounts outstanding from the funds. This also places an uncertainty on the amounts which will be ultimately collected by KSL however the Directors consider no trade and other receivables should be impaired at the half-year end.

**Notes to the financial statements (cont'd)****4. Financial assets**

	<b>Consolidated</b>	
	<b>31 December 2012</b>	<b>30 June 2012</b>
	<b>\$</b>	<b>\$</b>
Loans carried at amortised cost – secured		
<u>Current</u>		
Secured loans	1,301,088	1,301,088
<u>Non-current</u>		
Secured loans	7,266,512	8,049,170
Allowance for impairment of loans	(3,636,135)	(1,636,135)
	<u>3,630,377</u>	<u>6,413,035</u>
	<u>4,931,465</u>	<u>7,714,123</u>

**Update on related party transaction**

As noted in the 30 June 2012 annual report, the Company had an outstanding loan balance of \$5,630,377 owing from St Leonards Property Pty Ltd and Break Fast Investments Pty Ltd (collectively the St Leonards loan) which are now in the hands of receivers and managers that were appointed by the first mortgagees. During the half-year, two of the secured properties were sold by the receivers and managers at a significant discount compared to the independent valuations on these properties. Due to the two secured properties being sold at a significant discount, the directors have reassessed the carrying value of this loan and consider it appropriate to make an impairment provision of \$2,000,000 against this loan. As a result the net carrying value of this loan at balance date is \$3,630,377.

**5. Inventories**

	<b>Consolidated</b>	
	<b>31 December 2012</b>	<b>30 June 2012</b>
	<b>\$</b>	<b>\$</b>
<u>Current</u>		
Finished goods	100,800	32,250
<u>Non-Current</u>		
Land and property held for development and resale	1,711,082	1,703,874
	<u>1,811,882</u>	<u>1,736,124</u>

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

Shares in associate – Ignite Travel Group Ltd	435,158	238,921
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	238,921	440,841
Dividend received	-	(269,636)
Share of profit after income tax	196,237	67,716
Balance at the end of the period	<u>435,158</u>	<u>238,921</u>

The investment in Ignite Travel Group Ltd was fully written off at 30 June 2009 as the Board was unable to predict when the associate would return to profit. The associate reported a profit of \$445,993 for this half-year, of which \$196,237 (44% interest) was recognised in the carrying value. The carrying value of the Group's investment in the associate will be reviewed in detail at the full year ending 30 June 2013.

**7. Contingent liabilities and contingent assets**

The consolidated entity has no material contingent liabilities or contingent assets as at 31 December 2012.



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

### **8. Subsequent events**

On 14 January 2013 the Company completed its minimum holding buy back. The Company is expected to complete its equal access buy back on 8 March 2013 and is on schedule to subsequently de-list from the Australian Securities Exchange.

There has not been any other 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.