

Australian Premier Finance Holdings Limited

ACN 099 912 044

**Financial Report for the
Half-Year Ended 31 December 2010**

Australian Premier Finance Holdings Limited

Financial Report for the Half-Year Ended 31 December 2010

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Australian Premier Finance Holdings Limited

Directors' Report

The directors of Australian Premier Finance Holdings Limited (the company) submit herewith the financial report of Australian Premier Finance Holdings Limited and its subsidiaries (the Group) for the half-year ended 31 December 2010.

The names of the directors of the company during or since the end of the half-year are:

Name

- **Mr Wayne Adsett**
Director
- **Mr Kenneth Allen**
Director
- **Mr Mark Ellis**
Director

The above named directors held office during and since the end of the half year.

Review of operations

The principal activities of the company and its controlled entities (the "Group") for the half year continued as a provider of finance in the automotive industry. During the half year there was no significant change in the nature of those activities. The company produced a loss after tax of \$21,224 (2009 : profit after tax of \$299,499). In the prior financial year, the company undertook a reverse acquisition of Brewtopia Limited as detailed in note 1. The consolidated financial statements at 30 June 2010 of the Group were prepared as a continuation of the consolidated financial statements of Australian Premier Finance Company Limited ("APF").

Accordingly, the comparative figures used in this report reflect the financial position and performance of Australian Premier Finance Company Pty Limited.

Auditor's independence declaration

The auditor's independence declaration is included on page 2 of the half-year financial report.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



Director



Director

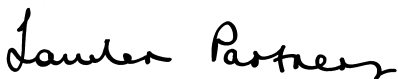
Newcastle, 15 March 2011

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

TO THE DIRECTORS OF AUSTRALIAN PREMIER FINANCE HOLDINGS LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2010, there have been:

- a) no contraventions of the auditor independence requirements as set out in 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



LAWLER PARTNERS
Chartered Accountants

Sydney

Dated: 15 March 2011



CLAYTON HICKEY
Partner

INDEPENDENT REVIEW REPORT

TO THE MEMBERS OF AUSTRALIAN PREMIER FINANCE HOLDINGS LIMITED

Report on the Half Year Financial Report

We have reviewed the accompanying half-year financial report of Australian Premier Finance Holdings Limited (the consolidated entity) which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Auditing Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control 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.

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 2010 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 Australian Premier Finance 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

INDEPENDENT REVIEW REPORT

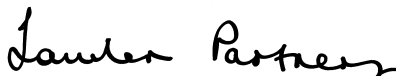
TO THE MEMBERS OF AUSTRALIAN PREMIER FINANCE HOLDINGS LIMITED

Report on the Half Year Financial 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 Australian Premier Finance Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.



LAWLER PARTNERS
Chartered Accountants

Sydney

Dated: 15 March 2011



CLAYTON HICKEY
Partner

Australian Premier Finance Holdings Limited

Directors' Declaration

The directors declare that:

- (a) in their opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Director



Director

Newcastle, 15 March 2011

Australian Premier Finance Holdings Limited

Condensed Consolidated Statement of Comprehensive Income for the Half-Year Ended 31 December 2010

	Consolidated	
	Half-year ended 31 Dec 2010 \$	Half-year ended 31-Dec-09 \$
Continuing Operations		
Revenue	1,836,046	2,219,546
Cost of sales	(444,016)	(514,034)
Gross Profit	1,392,030	1,705,512
Administrative costs	(174,124)	(53,990)
Finance costs	(394,180)	(420,632)
Bad and doubtful debt expense	(487,562)	(414,336)
Factoring and usage fees	(308,953)	(362,706)
Other expenses	(43,997)	(21,268)
Total expenses	(1,408,816)	(1,272,933)
(Loss) / profit before income tax expense	(16,786)	432,579
Income tax expense from continuing operations	(4,438)	(133,080)
(Loss) / profit for the period	(21,224)	299,499
Other comprehensive income	-	-
Total comprehensive (loss) / income for the period	(21,224)	299,499
Earnings per share		
From continuing operations:		
Basic (cents per share)	(0.04)	0.59
Diluted (cents per share)	(0.04)	0.59

Notes to the financial statements are included on pages 10 to 11.

Australian Premier Finance Holdings Limited

Condensed Consolidated Statement of Financial Position as at 31 December 2010

	Note	Consolidated	
		31-Dec-10 \$	30-Jun-10 \$
Current assets			
Cash and cash equivalents		447,447	392,032
Current tax assets		-	-
Trade and other receivables		4,178,431	4,498,200
Total current assets		4,625,879	4,890,232
Non-current assets			
Trade and other receivables		4,840,617	6,000,809
Property plant and equipment		34,545	3,430
Deferred tax assets		260,870	225,091
Intangible assets		181,378	181,378
Total non-current assets		5,317,411	6,410,708
Total assets		9,943,290	11,300,940
Current liabilities			
Trade and other payables		41,367	85,702
Provisions		33,204	-
Current tax payables		-	64,346
Borrowings	5	2,649,724	2,400,000
Total current liabilities		2,724,295	2,550,048
Non-current liabilities			
Borrowings	5	6,677,899	8,188,572
Total non-current liabilities		6,677,899	8,188,572
Total liabilities		9,402,194	10,738,620
Net assets		541,096	562,320
Equity			
Issued capital		182,700	182,700
Reserves		(179,322)	(179,322)
Retained earnings		537,718	558,942
Total equity		541,096	562,320

Notes to the financial statements are included on pages 10 to 11.

Australian Premier Finance Holdings Limited

Condensed Consolidated Statement of Cash Flows for the Half-Year Ended 31 December 2010

	Consolidated	
	Half-year ended 31 Dec 2010 \$	Half-year ended 31 Dec 2009 \$
<u>Cash flows from operating activities</u>		
Receipts from customers	529,696	733,615
Payments to suppliers and employees	(1,473,940)	(1,350,414)
Interest received	1,354,504	1,485,931
Interest paid	(393,332)	(362,706)
New loans issued	(1,602,882)	(2,830,695)
Loan payments received	3,038,844	2,605,145
Income tax paid / (refunded)	(104,564)	(243,191)
Net cash provided by operating activities	1,348,327	37,684
<u>Cash flows from investing activities</u>		
Acquisition of property, plant & equipment	(31,963)	-
Net cash used in investing activities	(31,963)	-
<u>Cash flows from financing activities</u>		
Net (repayments) / proceeds from borrowings	(1,260,949)	1,360,203
Dividends paid	-	(1,000,000)
Net cash used in financing activities	(1,260,949)	360,203
Net (decrease)/increase in cash and cash equivalents	55,415	397,887
Cash and cash equivalents at the beginning of the half-year	392,032	203,120
Cash and cash equivalents at the end of the half-year	447,447	601,007

Notes to the financial statements are included on pages 10 to 11.

Australian Premier Finance Holdings Limited

Condensed Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2010

Consolidated	Share capital \$	Acquisition Reserves \$	Retained earnings \$	Total equity \$
Balance at 1 July 2009	2,700	-	1,118,780	1,121,480
Profit for the half-year	-	-	299,499	299,499
Dividends paid	-	-	(1,000,000)	(1,000,000)
Balance at 31 December 2009	2,700	-	418,279	420,979
Balance at 1 July 2010	182,700	(179,322)	558,942	562,320
Loss for the half year	-	-	(21,224)	(21,224)
Dividends paid	-	-	-	-
Balance at 31 December 2010	182,700	(179,322)	537,718	541,096

Notes to the financial statements are included on pages 10 to 11.

Australian Premier Finance Holdings Limited

Notes to the Condensed Consolidated Financial Statements for the Half-Year Ended 31 December 2010

1 Summary of accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

General Information

As noted in the annual financial report for the year ended 30 June 2010, Australian Premier Finance Holdings Limited ("AHP" or "Company") acquired 100% of Australian Premier Finance Company Limited ("APF") on 8 March 2010. The consideration for the acquisition was \$1.8m and was paid by the issue of the Company's Shares to APF. Under the principles of AASB 3 "Business Combinations", APF was deemed to be the accounting acquirer in the transaction. Although the transaction did not meet the strict definition of a business combination due to the non existence of a business in AHP, the principles of AASB 3 and AASB 127 "Consolidated Financial Statements" were applied.

Accordingly, the transaction was considered to be a 'reverse asset acquisition' and the consolidated financial statements of the Group have been prepared as a continuation of the consolidated financial statements of APF. As the deemed acquirer, APF has accounted for the acquisition of AHP from 8 March 2010. The comparative information for the 2010 financial year and the 2009 half year ended is that of APF.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the year ended 30 June 2010.

The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

* Amendments to AASB 5, 8, 101, 117, 118, 136, and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.

AASB 2009-5 Introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognised assets in the statement of cash flows and the classification of leases of land and buildings.

The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's accounting policies and have no affect on the amounts reported for the current or prior periods.

2 Segment information

The company operates in one business segment that being to provide finance for the purchase of motor vehicles. The company operates predominately in one geographical segment that being Australia.

Australian Premier Finance Holdings Limited

Notes to the Condensed Consolidated Financial Statements for the Half-Year Ended 31 December 2010

3 Dividends

	Half-year ended 31 Dec 2010		Half-year ended 31 Dec 2009	
	Cents per share	Total \$	Cents per share	Total \$
Recognised amounts				
Fully paid ordinary shares				
Final dividend paid	-	-	41,666.67	1,000,000.00
Unrecognised amounts				
Fully paid ordinary shares				
Interim dividend	-	-	-	-

4 Subsequent events

There has not been any other matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

5 Borrowings

On 30 September 2010, the directors of AHP resolved to assign \$2.414m of loans payable to various parties by APF to AHP in return for \$2.414m of ordinary share capital in APF. On 22 November 2010, AHP shareholders resolved to issue \$2.414m redeemable preference shares in satisfaction of its loans payable to related and non-related parties. One preference share is equal to 20 ordinary shares. The interest rate to be paid quarterly on these redeemable preference shares is 10% and the convertible maturity date is 30 September 2013.

During the half year period to 31 December 2010, the consolidated entity repaid \$1.26m of its borrowings to PayNow.

6 Change in accounting estimates

There has been no changes to accounting estimates in the half year ended 31 December 2010.

7 Contingent liabilities and contingent assets

There were no changes to contingent liabilities or contingent assets of the consolidated entity for the half year period to 31 December 2010.

8 Related party transactions

During the half year, the following transactions were conducted with related parties. All transactions are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated:

- a) APF purchased plant and equipment from Texbon Pty Limited ("Texbon"), a company controlled by Mr Ken Allen, a director and his wife, for consideration of \$31,964 on 1 December 2010. This transaction was on normal terms and conditions;
- b) By mutual agreement, the APF and Texbon rescinded the administrative services agreement on 1 December 2010. The employees of Texbon became employees of APF as at that date. APF assumed the employee entitlements of approximately \$22,000 for nil consideration;
- c) Prior to 1 December 2010, APF paid Texbon \$239,372 for administrative services provided between 1 July 2010 - 30 November 2010;
- d) Adsett & Associates, a company controlled by Mr Wayne Adsett, a director, provided financial management services of \$33,239; and
- e) Of the \$2.414m of redeemable preference shares issued as noted above in Note 5, a total of \$1.753m redeemable preference shares were issued to a director and director-related parties.

9 Acquisition of Property Plant and Equipment

As noted in Note 8(a) above, the company purchased \$31,964 of plant and equipment on 1 December 2010. The assets acquired included computers, office furniture and office equipment.