

Australian Premier Finance Holdings Limited

ACN 099 912 044

**Financial Report for the
Half-Year Ended 31 December 2012**

Australian Premier Finance Holdings Limited

Financial Report for the Half-Year Ended 31 December 2012

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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 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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 directors have reviewed the business operations during which lending opportunities were considered under current legislation and practices. A full consideration was given to the opportunities and risks at this time.

The company produced a profit after tax of \$38,240 (2011 : loss after tax of \$145,041) for the half year ended 31 December 2012.

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.



Wayne Adsett
Director



Ken Allen
Director

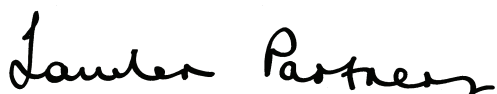
Newcastle, 11 February 2013

**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 2012, 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

Newcastle

Dated: 11 February 2013



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 2012, 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* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation 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, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, 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 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*.

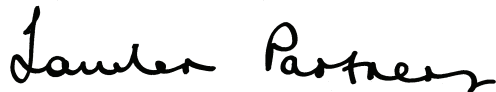
INDEPENDENT REVIEW REPORT

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, nothing has come to our attention that causes us to believe that the half-year financial report of Australian Premier Finance Holdings Limited does not present fairly, in all material respects, the financial position of the consolidated entity as at 31 December 2012, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.



LAWLER PARTNERS
Chartered Accountants

Newcastle

Dated: 11 February 2013



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



Wayne Adsett
Director



Ken Allen
Director

Newcastle, 11 February 2013

Australian Premier Finance Holdings Limited

Condensed Consolidated Statement of Comprehensive Income for the Half-Year Ended 31 December 2012

	Consolidated	
	Half-year ended	Half-year ended
	31 Dec 2012	31 Dec 2011
	\$	\$
Continuing Operations		
Revenue	1,421,162	1,206,716
Cost of sales	(426,453)	(250,553)
Gross Profit	994,709	956,163
Administrative costs	(308,710)	(316,283)
Finance costs	(446,313)	(529,231)
Bad and doubtful debt expense	(41,718)	(199,442)
Other expenses	(80,846)	(63,530)
Total expenses	(877,587)	(1,108,486)
Profit / (loss) before income tax expense	117,122	(152,323)
Income tax (expense) / benefit	(78,882)	7,282
Profit / (loss) for the period	38,240	(145,041)
Other comprehensive income		-
Total comprehensive income / (loss) for the period	38,240	(145,041)
Earnings per share		
From continuing operations:		
Basic (cents per share)	0.07	(0.25)
Diluted (cents per share)	0.07	(0.25)

Notes to the financial statements are included on pages 10 to 12.

Australian Premier Finance Holdings Limited

Condensed Consolidated Statement of Financial Position as at 31 December 2012

	Note	Consolidated	
		31 Dec 2012	30 Jun 2012
		\$	\$
Current assets			
Cash and cash equivalents		718,280	861,367
Trade and other receivables		2,125,978	2,372,547
Total current assets		2,844,258	3,233,914
Non-current assets			
Trade and other receivables		3,361,956	2,450,752
Property plant and equipment		22,605	46,734
Deferred tax assets		229,473	308,355
Intangible assets		229,580	181,379
Total non-current assets		3,843,614	2,987,220
Total assets		6,687,872	6,221,134
Current liabilities			
Trade and other payables		42,742	68,327
Income tax payable		-	-
Borrowings	5	3,412,157	100
Employee benefits		28,381	26,161
Total current liabilities		3,483,280	94,588
Non-current liabilities			
Borrowings	5	3,200,005	6,159,219
Employee benefits		21,142	22,123
Total non-current liabilities		3,221,147	6,181,342
Total liabilities		6,704,427	6,275,930
Net assets		(16,555)	(54,796)
Equity			
Issued capital		182,700	182,700
Reserves		(179,322)	(179,322)
Retained earnings		(19,933)	(58,173)
Total equity		(16,555)	(54,796)

Notes to the financial statements are included on pages 10 to 12.

Australian Premier Finance Holdings Limited

Condensed Consolidated Statement of Cash Flows for the Half-Year Ended 31 December 2012

	Consolidated	
	Half-year ended 31 Dec 2012 \$	Half-year ended 31 Dec 2011 \$
<u>Cash flows from operating activities</u>		
Receipts from customers	695,145	143,509
Payments to suppliers and employees	(831,830)	(683,673)
Interest received	580,636	816,071
Interest paid	(299,513)	(401,181)
New loans issued	(2,204,851)	(897,705)
Loan payments received	1,646,896	2,357,411
Income tax refunded	-	38,592
Net cash (used in) / generated by operating activities	(413,517)	1,373,024
<u>Cash flows from investing activities</u>		
Acquisition of property, plant & equipment and intangible assets	(35,613)	(950)
Net cash used in investing activities	(35,613)	(950)
<u>Cash flows from financing activities</u>		
Net proceeds / (repayments) from borrowings	306,043	(784,491)
Net cash provided / (used) in financing activities	306,043	(784,491)
Net (decrease)/increase in cash and cash equivalents	(143,087)	587,583
Cash and cash equivalents at the beginning of the half-year	861,367	435,610
Cash and cash equivalents at the end of the half-year	718,280	1,023,193

Notes to the financial statements are included on pages 10 to 12.

Australian Premier Finance Holdings Limited

Condensed Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2012

Consolidated	Share capital \$	Acquisition Reserves \$	Retained earnings \$	Total equity \$
Balance at 1 July 2011	182,700	(179,322)	251,640	255,018
Loss for the half-year	-	-	(145,041)	(145,041)
Dividends paid	-	-	-	-
Balance at 31 December 2011	182,700	(179,322)	106,599	109,977
Balance at 1 July 2012	182,700	(179,322)	(58,173)	(54,795)
Profit for the half year	-	-	38,240	38,240
Dividends paid	-	-	-	-
Balance at 31 December 2012	182,700	(179,322)	(19,933)	(16,555)

Notes to the financial statements are included on pages 10 to 12.

Australian Premier Finance Holdings Limited

Notes to the Condensed Consolidated Financial Statements for the Half-Year Ended 31 December 2012

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.

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.

New Standards, Interpretations and Amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2012. However, the following amendments to accounting standards as a result of the annual Improvements to AASB come into effect during the period, however did not have any impact on the accounting policies, financial position or performance of the Group:

AASB 2010-8 'Amendments to Australian Accounting Standards - Deferred tax Recovery of Underlying Assets'

These amendments clarify that the tax base of investment property measured using the fair value model in accordance with AASB 140 Investment Property is based on the premise that the carrying amount will be recovered entirely through sale rather than through use.

AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income'

These amendments make a number of changes to the presentation of other comprehensive income including presenting separately those items that would be reclassified to profit or loss in future and those that would never be reclassified to profit or loss and the impact of tax on those items.

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.

3 Dividends

	Half-year ended 31 Dec 2012		Half-year ended 31 Dec 2011	
	Cents per share	Total \$	Cents per share	Total \$
Recognised amounts				
Fully paid ordinary shares				
Final dividend paid	-	-	-	-
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 period, 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.

Australian Premier Finance Holdings Limited

Notes to the Condensed Consolidated Financial Statements for the Half-Year Ended 31 December 2012

5 Borrowings

During the period, APF received further funding of \$106,043 from the Superannuation Fund of Panama Inc, whilst incurring interest fees of \$288,180. Of the total \$3,450,005 loan balance at 31 December 2012, \$250,000 has been classified as current in accordance with the terms of repayment.

In September 2012 APF obtained a new short term loan from MP Ellis Holdings Pty Ltd as trustee for the MP Ellis Superannuation Fund to the amount of \$200,000. The loan has a one year term with interest of 17%. The loan was secured by a fixed and floating charge over the company's assets ranking equally with the charges of Adsett and Associates and Superannuation Fund of Panama.

Redeemable Preference Shares have been reclassified from non current borrowings to current borrowings as at 31 December 2012 as the right to redeem the shares transfers from APH to the shareholder on 23 November 2013.

6 Change in accounting estimates

There has been no changes to accounting estimates in the half year ended 31 December 2012.

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 2012.

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) As disclosed above, APF received a loan of \$200,000 from MP Ellis Holdings Pty Ltd as trustee for the MP Ellis Superannuation Fund (a fund associated with Mr M Ellis). Interest of \$11,333 was paid during the half year to 31 December 2012 in respect of this loan. The total amount owing as at 31 December 2012 was \$200,000.

b) As disclosed above, APF received further funding of \$106,043 from the Superannuation Fund of Panama Inc, whilst incurring interest fees of \$288,180. The outstanding loan balance at 31 December 2012 was \$3,450,005.

c) APF paid rent and outgoings of \$44,471 for premises owned by Pensioner Financial Services Pty Ltd, a company controlled by Mr K Allen.

d) Adsett & Associates Ltd, a company controlled by Wayne Adsett, a director, provided financial management services to the value of \$30,000.

e) Adsett & Associates Limited held 192,369 \$1 redeemable preference shares as at 31 December 2012. Interest of \$11,964 was expensed during the half year ended 31 December 2012 and total interest payable on these redeemable preferences shares was \$43,596 at 31 December 2012.

f) K & J Allen held 680,192 \$1 redeemable preference shares as at 31 December 2012. Interest of \$41,350 was expensed during the half year ended 31 December 2012 and total interest payable on these redeemable preferences shares was \$154,150 at 31 December 2012.

g) MP Ellis Holdings Pty Limited held 396,709 \$1 redeemable preference shares as at 31 December 2012. Interest of \$24,117 was expensed during the half year ended 31 December 2012 and total interest payable on these redeemable preferences shares was \$89,905 at 31 December 2012.

h) Northview Group Limited, a company associated with Mr W Adsett, held 291,667 \$1 redeemable preference shares as at 31 December 2012. Interest of \$17,731 was expensed during the half year ended 31 December 2012 and total interest payable on these redeemable preferences shares was \$66,100 at 31 December 2012.

i) Mr Charles Garrison held 521,655 \$1 redeemable preference shares as at 31 December 2012. Interest of \$31,712 was expensed during the half year ended 31 December 2012 and total interest payable on these redeemable preferences shares was \$118,221 at 31 December 2012.

Australian Premier Finance Holdings Limited

Notes to the Condensed Consolidated Financial Statements for the Half-Year Ended 31 December 2012

8 Related party transactions (Cont.)

j) Texbon Pty Limited, a company controlled by Mr K Allen, received \$22,131 during the half year ended 31 December 2012 for services rendered. The company was an outstanding debtor of APF's at 31 December 2012 for \$30,885.

k) Lemon Tree Car Sales, a company associated with Mr K Allen, received \$19,039 during the half year ended 31 December 2012 for services rendered. The company was an outstanding debtor of APF's at 31 December 2012 for \$44,044.