



Australian Property Systems Limited

ABN 93 096 925 610

Interim Financial Report For the Half-Year Ended 31 December 2012

AUSTRALIAN PROPERTY SYSTEMS LIMITED

DIRECTORS' REPORT

The directors present their report together with the financial statements on the consolidated entity consisting of Australian Property Systems Limited (APSL) and the entities it controlled at the end of, or during, the half-year ended 31 December 2012.

1. **Directors**

The following persons were directors of APSL during the whole of the half-year and up to the date of this report:

Geoff Thomas
Stephen Jones
James Whitelaw

2. **Review of operations and results**

The consolidated entity recorded an operating loss after tax for the half-year ended 31 December 2012 of \$138,852 (2011: \$196,102 loss).

Since balance date there has been no revenue and expenses have been kept to a minimum.

The directors intend to undertake a capital raising by way of a renounceable rights issue. The proceeds are to be used to pay creditors, repay loans and to fund the ongoing operations of the Group in the short term (and for a period of at least twelve months from the date of the offer) towards establishment of the business of the Group and commercialisation of its proprietary, patented, property development system and associated intellectual property.

Notwithstanding the losses to date, the directors believe the consolidated entity is a going concern and able to pay its debts as and when they become due and on the following basis:

- excess cash of approximately \$15,293 (plus a receivable from the ATO of \$10,717) as at 31 December 2012 remaining following receipt of the \$420,000 loan is (together with a sum of approximately \$62,000 advanced by Presidential Capital Pty Ltd subsequent to half-year end on the same terms as the earlier loan) sufficient to fund ongoing expenses until the rights issue;
- the consolidated entity's current liabilities are not large – being \$85,626, at 31 December 2012;
- the consolidated entity's level of expenditure has been reduced;
- management is currently preparing the proposed rights issue which, if successful in raising the minimum subscription, will be sufficient to fund the ongoing operations in the short term and for a period of at least twelve months from the date of the offer; and
- the loan provided by Presidential Capital Pty Ltd of \$420,000 (together with further sums advanced as referred to above) is not expected to fall due for repayment except under the repayment terms (as set out above) on the basis that Presidential Capital Pty Ltd has proposed that payment out of the proceeds of the rights issue would not be sought or enforced except to the extent of sums raised in excess of the minimum subscription.

AUSTRALIAN PROPERTY SYSTEMS LIMITED

DIRECTORS' REPORT

3. **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* accompanies this report.

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



Stephen Jones
Director

Dated this 28th day of February 2013



PITCHER PARTNERS

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WARWICK FACE
NIGEL BATTERS

PRIVATE AND CONFIDENTIAL

The Directors
Australian Property Systems Limited
Level 2
333 Ann Street
BRISBANE QLD 4000

Auditor's Independence Declaration

As lead auditor for the review of the financial report of Australian Property Systems Limited for the half-year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

PITCHER PARTNERS

NIGEL BATTERS
Partner

Brisbane, Queensland
28 February 2013

AUSTRALIAN PROPERTY SYSTEMS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Half-year 31 Dec 2012 \$	31 Dec 2011 \$
Revenue		
Interest	13	1,109
Expenses		
Employee benefits – directors’ fees	20,000	120,000
Consultancy and other professional fees	53,686	43,674
Licensing fees	2,327	1,364
Audit fees	5,000	5,000
Finance costs	42,345	4,493
Other expenses	15,507	22,680
	<u>138,865</u>	<u>197,211</u>
Profit/(loss) before income tax	(138,852)	(196,102)
Income tax expense	-	-
Profit/(loss) for the half-year	<u>(138,852)</u>	<u>(196,102)</u>
Other comprehensive income for the period	-	-
Total comprehensive income/(loss) for the period	<u>(138,852)</u>	<u>(196,102)</u>
Total comprehensive income/(loss) for the period is attributable to:		
Owners of the parent	(138,852)	(196,102)
Non-controlling interest	-	-
	<u>(138,852)</u>	<u>(196,102)</u>
	Cents	Cents
Basic & diluted earnings per share (loss)	(0.27)	(0.37)

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

AUSTRALIAN PROPERTY SYSTEMS LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2012

	Note	31 Dec 2012	30 Jun 2012
		\$	\$
Current Assets			
Cash and cash equivalents		15,293	133,508
Trade and other receivables - GST		10,717	10,473
Total Current Assets		26,010	143,981
Total Assets		26,010	143,981
Current Liabilities			
Trade and other payables	3	85,625	64,744
Borrowings		420,000	420,000
Total Current Liabilities		505,625	484,744
Total Liabilities		505,625	484,744
Net Liabilities		(479,615)	(340,763)
Equity			
Contributed equity		3,381,000	3,381,000
Reserve		403,723	403,723
Accumulated losses		(4,264,338)	(4,125,486)
Total Deficiency		(479,615)	(340,763)

The consolidated balance sheet should be read in conjunction with the accompanying notes.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Contributed equity \$	Share-based payments reserve \$	Accumulated losses \$	Total \$
31 December 2012				
<i>Balance at 1 July 2012</i>	3,381,000	403,723	(4,125,486)	(340,763)
Loss for the half-year	-	-	(138,852)	(138,852)
<i>Balance at 31 December 2012</i>	<u>3,381,000</u>	<u>403,723</u>	<u>(4,264,338)</u>	<u>(479,615)</u>
31 December 2011				
<i>Balance at 1 July 2011</i>	3,381,000	403,723	(3,876,414)	(91,691)
Loss for the half-year	-	-	(196,102)	(196,102)
<i>Balance at 31 December 2011</i>	<u>3,381,000</u>	<u>403,723</u>	<u>(4,072,516)</u>	<u>(287,793)</u>

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

AUSTRALIAN PROPERTY SYSTEMS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Half-year	
	31 Dec 2012	31 Dec 2011
	\$	\$
Cash Flows From Operating Activities		
Payments to suppliers and employees	(118,228)	(96,141)
Interest received	13	-
	<hr/>	<hr/>
Net cash used in operating activities	(118,215)	(3,667)
Cash Flows from Investing Activities	-	-
Cash Flows from Financing Activities		
Proceeds from borrowings	-	92,474
	<hr/>	<hr/>
Net cash provided by financing activities	-	92,474
Net decrease in cash and cash equivalents	(118,215)	(3,667)
Cash and cash equivalents at the beginning of the reporting period	133,508	14,296
	<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period	15,293	10,629
	<hr/>	<hr/>

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

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

1. Summary of Accounting Policies

Basis of preparation of half-year report

This general purpose financial report for the interim 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*.

This 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 Australian Property Systems Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted and methods of computation are consistent with those of the previous financial year and corresponding interim reporting period.

The Group has adopted all of the new and revised Standards and Interpretations effective for the current half-year that are relevant to the Group. This adoption has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years.

2. Segment Information

The Group has one reportable segment being the seeking of opportunities to provide services in respect of property development in Australia.

3. Trade and other payables

	31 Dec 2012	30 Jun 2012
	\$	\$
Trade payables and accruals	10,481	35,277
Directors fees payable	13,332	10,000
Accrued interest – Presidential Capital	61,812	19,467
	<u>85,625</u>	<u>64,744</u>

4. Contingent Liabilities

There has been no material change to contingent liabilities disclosed in the financial report for 30 June 2012.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

5. Ongoing Operations

During the half-year the consolidated entity incurred a loss after tax of \$138,852 (2011 half year loss: \$196,102).

Since balance date there has been no revenue and expenses have been kept to a minimum.

The directors intend to undertake a capital raising by way of a renounceable rights issue. The proceeds are to be used to pay creditors, repay loans and to fund the ongoing operations of the Group in the short term (and for a period of at least twelve months from the date of the offer) towards establishment of the business of the Group and commercialisation of its proprietary, patented, property development system and associated intellectual property.

Notwithstanding the losses to date, the directors believe the consolidated entity is a going concern and able to pay its debts as and when they become due and on the following basis:

- excess cash of approximately \$15,293 (plus a receivable from the ATO of \$10,717) as at 31 December 2012 remaining following receipt of the \$420,000 loan is (together with a sum of approximately \$62,000 advanced by Presidential Capital Pty Ltd subsequent to half-year end on the same terms as the earlier loan) sufficient to fund ongoing expenses until the rights issue;
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- the loan provided by Presidential Capital Pty Ltd of \$420,000 (together with further sums advanced as referred to above) is not expected to fall due for repayment except under the repayment terms (as set out above) on the basis that Presidential Capital Pty Ltd has proposed that payment out of the proceeds of the rights issue would not be sought or enforced except to the extent of sums raised in excess of the minimum subscription.

Given the above, the financial statements have been prepared on a going concern basis, which assumes that the consolidated entity will realise its assets and extinguish its liabilities in the normal course of business. Ongoing operations are dependent upon the matters described previously. Should the consolidated entity not obtain the expected receipts nor be able to generate additional revenues and/or reduce net expenditure as required, there is significant uncertainty that it will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. No adjustments have been made relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary, should the consolidated entity not continue as a going concern.

AUSTRALIAN PROPERTY SYSTEMS LIMITED

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

In the opinion of the directors the attached financial statements and notes:

- (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
- (b) there are reasonable grounds to believe that Australian Property Systems 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.



Stephen Jones
Director

Dated this 28 February 2013



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Australian Property Systems Limited,

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australian Property Systems Limited, which comprises the consolidated balance sheet as at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's 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 half-year 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 Australian Property Systems 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*.

Basis for Disclaimer of Opinion

As described in note 5 to the financial statements, the ongoing operations of the consolidated entity are dependent upon a successful capital raising. Should the matters set out in note 5 not occur, in the absence of any other arrangements being made, it is highly likely the consolidated entity will not continue as a going concern. We have not been able to obtain sufficient appropriate audit evidence to ensure that a capital raising would be successful and, hence remove the significant doubt of the consolidated entity's ability to continue as a going concern within 12 months of the date of this auditor's report.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial report.

PITCHER PARTNERS



NIGEL BATTERS
Partner

Brisbane, Queensland
28 February 2013