

Australian Premier Finance Holdings Limited

ACN 099 912 044

**Financial Report for the
Half Year Ended 31 December 2014**

Australian Premier Finance Holdings Limited

Financial Report for the Half Year Ended 31 December 2014

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Australian Premier Finance Holdings Limited

Directors' Report

The directors of Australian Premier Finance Holdings Limited (the Company) submit herewith the annual financial report of Australian Premier Finance Holdings Limited and its subsidiaries (the Group) for the half year ended 31 December 2014. 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.

Results of operations

The Company produced a loss after tax of \$153,921 (2013: profit after tax of \$65,669) for the half year ended 31 December 2014.

Significant changes to operations

The principal activities of the Company and its controlled entities (the "Group") for the half year ceased as a provider of finance in the automotive industry. During the half year the Company entered into a binding heads of agreement to sell the shares in its wholly owned subsidiary, Australian Premier Finance Company Pty Ltd, the company which owns and operates the finance business, in a management buy-out to entities associated with the Mr Kenneth Allen, a current director of the Company.

The Directors are currently exploring options in regards to the future operations of the Company, acknowledging the value in the listing.

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, 13 March 2015

**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 2014, 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



PKF LAWLER
Chartered Accountants

Newcastle

Dated: 13 March 2015



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 2014, 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 2014 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.

PKF Lawler Partners Audit & Assurance
(a Limited Partnership)
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Liability limited by a scheme
approved under Professional
Standards Legislation

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INDEPENDENT REVIEW REPORT**TO THE MEMBERS OF AUSTRALIAN PREMIER FINANCE HOLDINGS LIMITED****Independence**

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

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 2014, 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*.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements which outlines Going Concern and the Companies reliance on Directors ongoing financial support.



PKF LAWLER PARTNERS
Chartered Accountants

Newcastle

Dated: 13 March 2015



CLAYTON HICKEY
Partner

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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, 13 March 2015

Australian Premier Finance Holdings Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half Year Ended 31 December 2014

	Note	Consolidated	
		half year ended	half year ended
		31-Dec-14	31-Dec-13
		\$	\$
Continuing Operations			
Revenue		-	-
Cost of sales		-	-
Gross Profit		-	-
Administrative costs		(12,254)	(10,106)
Finance costs		-	(77,905)
Bad and doubtful debt expense		-	-
Other expenses		(28,764)	(60,387)
Total expenses		(41,018)	(148,398)
Profit before income tax expense		(41,018)	(148,398)
Income tax expense		-	(61,532)
Discontinued operations	9	(112,903)	275,599
Profit for the period		(153,921)	65,669
Other comprehensive income		-	-
Total comprehensive income for the period		(153,921)	65,669
Earnings per share			
From continuing and discontinuing operations:			
Basic (cents per share)		(0.26)	0.11
Diluted (cents per share)		(0.26)	0.11

Notes to the financial statements are included on pages 10 to 13.

Australian Premier Finance Holdings Limited

Consolidated Statement of Financial Position as at 31 December 2014

	Note	Consolidated	
		31 Dec 2014 \$	30-Jun-14 \$
Current assets			
Cash and cash equivalents		-	332,522
Trade and other receivables		-	1,913,684
Total current assets		-	2,246,206
Non-current assets			
Trade and other receivables		-	4,822,009
Property plant and equipment		-	34,581
Deferred tax assets		-	207,233
Intangible assets		-	153,111
Total non-current assets		-	5,216,934
Total assets		-	7,463,140
Current liabilities			
Trade and other payables		35,998	45,715
Borrowings	5	-	3,804,732
Employee benefits		-	15,572
Total current liabilities		35,998	3,866,019
Non-current liabilities			
Borrowings	5	-	3,632,410
Employee benefits		-	26,110
Total non-current liabilities		-	3,658,520
Total liabilities		35,998	7,524,539
Net liabilities		(35,998)	(61,399)
Equity			
Issued capital		182,700	182,700
Reserves		-	(179,322)
Retained earnings		(218,698)	(64,777)
Total equity		(35,998)	(61,399)

Notes to the financial statements are included on pages 10 to 13.

Australian Premier Finance Holdings Limited

Consolidated Statement of Cash Flows for the Half -Year Ended 31 December 2014

	Consolidated	
	half year ended	half year ended
	31-Dec-14	31-Dec-13
	\$	\$
<u>Cash flows from operating activities</u>		
Receipts from customers	219,993	458,961
Payments to suppliers and employees	(439,927)	(616,090)
Interest received	639,453	930,267
Interest paid	(360,860)	(330,502)
New loans issued	(971,603)	(1,855,629)
Loan payments received	953,389	1,093,021
Net cash provided by operating activities	40,445	(319,972)
<u>Cash flows from investing activities</u>		
Cash forgone on disposal of former subsidiary	(279,977)	-
Net cash used in investing activities	(279,977)	-
<u>Cash flows from financing activities</u>		
Net proceeds / (repayments) from borrowings	(92,990)	249,557
Net cash (used in)/ (provided by) financing activities	(92,990)	249,557
Net decrease in cash and cash equivalents	(332,522)	(70,415)
Cash and cash equivalents at the beginning of the half-year	332,522	349,957
Cash and cash equivalents at the end of the half-year	-	279,542

Notes to the financial statements are included on pages 10 to 13.

Australian Premier Finance Holdings Limited

Consolidated Statement of Changes in Equity for the Half Year Ended 31 December 2014

Consolidated	Share capital \$	Acquisition Reserves \$	Retained earnings \$	Total equity \$
Balance at 1 July 2013	182,700	(179,322)	(72,609)	(69,231)
Profit for the half year	-	-	65,669	65,669
Dividends paid	-	-	-	-
Balance at 31 December 2013	182,700	(179,322)	(6,940)	(3,562)
Balance at 1 July 2014	182,700	(179,322)	(64,777)	(61,399)
Disposal of subsidiary	-	179,322	-	179,322
Loss for the half year	-	-	(153,921)	(153,921)
Dividends paid	-	-	-	-
Balance at 31 December 2014	182,700	-	(218,698)	(35,998)

Notes to the financial statements are included on pages 10 to 13.

Australian Premier Finance Holdings Limited

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2014

1 Summary of significant 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', as appropriate for for-profit orientated entities. 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 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 2014 annual financial report for the financial year ended 30 June 2014. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going Concern

As at 31 December 2014, the consolidated entity has net liabilities of \$36,000 and net current liabilities of \$36,000. The consolidated entity has prepared the financial report on a going concern basis. The Directors consider the preparation of the financial report on a going concern basis as a result of consideration of the following:

- i) The Directors' acknowledge the value of the entity as a currently listed company and are exploring options to maximise shareholder value in relation to its future operations
- ii) The Directors' will continue to support the Company while it seeks alternative investment opportunities.

The financial report has been prepared on a going concern basis for the above reasons. Accordingly the financial report does not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

New Standards, Interpretations and Amendments adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2014. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2 Segment information

The company currently does not operate an ongoing business. The Directors' are currently reviewing potential future operations.

In prior half-years, the Group was involved in the provision of finance for the purchase of motor vehicles. That operation was discontinued with effect from 6 November 2014 (see note 10).

3 Dividends

	Half-year ended 31 Dec 2014		Half-year ended 31 Dec 2013	
	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	-	-	-	-

Australian Premier Finance Holdings Limited

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2014

4 Subsequent events

The Directors acknowledge the value in the listed entity and are currently investigating options to maximise shareholder value, they are continuing to support the company in the meantime.

5 Borrowings

Additional loans totalling \$11,500 were advanced by the Turner Family Superannuation Fund between August and September 2014 to Australian Premier Finance Company Pty Limited. All borrowings remained with the subsidiary, Australian Premier Finance Company Pty Limited when it was sold.

At 31 December 2014 exists a loan totalling \$30,000 between the Company and its former subsidiary Australian Premier Finance Company Pty Limited. This loan was incurred to pay for expenses incurred by the Company since the sale of its former subsidiary.

6 Change in accounting estimates

There has been no changes to accounting estimates in the half year ended 31 December 2014.

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 2014.

8 Related party transactions

On 6 November 2014 the subsidiary, Australian Premier Finance Company Pty Limited was sold to Kenneth and Joan Allen for \$2,594,799. This transaction had been approved by the members at an Extraordinary General Meeting on 4 August 2014 and was considered to be at arm's length.

As disclosed above, additional loans totalling \$11,500 were advanced by the Turner Family Superannuation Fund between August and September 2014 to Australian Premier Finance Company Pty Limited. All borrowings remained with the subsidiary, Australian Premier Finance Company Pty Limited when it was sold.

All other related party loans remained with Australian Premier Finance Company Pty Limited on its sale.

As disclosed above, at 31 December 2014 there was a loan totalling \$30,000 between the Company and its former subsidiary, Australian Premier Finance Company Pty Limited. This loan was incurred to pay for expenses incurred by the Company since the sale of its former subsidiary. Kenneth and Joan Allen are significant shareholders in the Company, and Kenneth Allen is a director of both the Company and Australian Premier Finance Company Pty Limited.

9 Disposal of subsidiaries

(i) Disposal of interest in Australian Premier Finance Company Pty Limited

On 6 November 2014, the Group disposed of all of its interest in Australian Premier Finance Company Pty Limited. The proceeds on disposal of \$2,594,799 were received via subordination of loans.

(ii) Disposal of interest in Australian Premier Finance Company Pty Limited (discontinued operation)

On 6 November 2014, the Group disposed of Australian Premier Finance Company Pty Limited, which carried out all of its finance business. The proceeds on disposal of \$2,594,799 were received via subordination of loans.

The (loss)/profit for the part-year from the discontinued operation is analysed as follows:

	4 months ended 6-Nov-14	6 months ended 31-Dec-13
(Loss)/profit of finance business for the half year	(73,704)	275,599
Loss on disposal of finance operations	(39,199)	-
	<u>(112,903)</u>	<u>275,599</u>

Australian Premier Finance Holdings Limited

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2014

9 Disposal of subsidiaries (cont'd)

The following were the results of the finance business for the half year:

	4 months ended 6-Nov-14 \$	6 months ended 31-Dec-13 \$
Revenue	898,645	1,389,228
Cost of sales	(103,431)	(180,791)
Gross Profit	795,214	1,208,437
Administrative costs	(233,465)	(307,336)
Finance costs	(360,860)	(410,355)
Bad and doubtful debt expense	(209,550)	(146,645)
Other expenses	(65,043)	(68,502)
Total expenses	(868,918)	(932,838)
(Loss)/Profit before income tax expense	(73,704)	275,599
Income tax expense	-	(1,249)
Profit for the period	(73,704)	274,350

The net assets of Australian Premier Finance Company Pty Limited at the date of disposal were as follows:

	6-Nov-14 \$
Net assets disposed of (excluding goodwill)	2,552,619
Attributable goodwill	81,379
	2,633,998
Gain/(Loss) on disposal	(39,199)
Total consideration	2,594,799
Satisfied by subordination of existing loans	2,594,799

A loss of \$39,199 was recognised on the disposal of Australian Premier Finance Company Pty Limited. No tax charge or credit arose on the transaction.

10 Fair value measurement

The company has only 1 fair value transaction for the period being the fair value on consideration on the sale of the subsidiary

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

Australian Premier Finance Holdings Limited

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2014

10 Fair value measurement (cont'd)

The table below shows the assigned level for each asset and liability held at fair value by The Group:

31-Dec-14	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Non-recurring fair value measurements				
Discontinued operations	-		2,594,799	2,594,799

Valuation was performed by Stanton International Securities on 30 June 2014. Method of valuation used was an adjusted book valuation.

Level 3 measurements

Level 3 Description	Fair value at 31 March 2014	Valuation Technique	Significant Unobservable Inputs	Value Unobservable Inputs
Trade receivables	6,990,954	Estimated recoverable value of debtors book	Provision for doubtful debts	294,645
Goodwill and IP	181,000	Assumed value of carrying amount	Recoverable amount	181,000