

Australian Premier Finance Holdings Limited

ACN: 099 912 044

**Annual Financial Report
for the Financial Year Ended 30 June 2011**

Australian Premier Finance Holdings Limited
ACN: 099 912 044

Annual Financial Report
for the Financial Year Ended 30 June 2011

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Australian Premier Finance Holdings Limited

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Directors' Report

30 June 2011

The directors of Australian Premier Finance Holdings Limited and its controlled entities (the "group ") submit herewith the annual financial report for the financial year ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

1. General information

Principal activities and significant changes in nature of activities

APF specialise in the provision of finance in the automotive industry.

There were no significant changes in the nature of the Group's principal activities during the financial year.

Information on directors

The names and particulars of the directors of the company who held office at anytime during or since the end of, the year are:

Mr Wayne Adsett	Director
Qualifications	FCA
Experience	Mr Adsett was a founding partner of Adsett & Braddock Chartered Accountants based in Auckland. He practiced for some 25 years before retiring from the practice and the profession. He specialized in management and taxation of medium sized businesses. He now oversees the management a number of companies activities in his role of investor, consultant and director.
Mr Kenneth Allen	Director
Experience	Mr Allen is CEO / Director Secretary and founder of APF. Ken has been a company director of numerous companies since June 1970. He has been a licensed Motor Dealer for more than 30 years and a specialist in motor vehicle finance. Ken is Australian born and educated in Sydney with tertiary qualifications in Management and Marketing. He has been a Justice of the Peace for 30 years and active member of Rotary International. He is a Past President of the Rotary Club of Williamtown and team leader of Group Study Exchange (Adult Professional) team to Philippines in 2004. He is presently a member of the Rotary Club of Newcastle. Ken is also Chairman of the Credit Committee of APF.
Mr Mark Ellis	Director
Experience	Mr Ellis is the Managing Director (Australia and New Zealand) of Crown Worldwide Group and brings with him a wealth of managerial and financial experience. He is currently responsible for the operational and financial performance of companies generating in excess of A\$80m in revenues with over 500 employees.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

Mr Andrew Whitten held the position of company secretary for the financial year. Mr Whitten holds a Bachelor of Arts (Economics), Master of Law and Legal Practice (Corporate Finance and Securities Law), Graduate Diploma in Applied Corporate Governance and is an Affiliate of the Institute of Chartered Secretaries (ACIS) (membership pending). Mr Whitten is a Senior Associate with Whittens Lawyers and Consultants.

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Directors' Report

30 June 2011

Review of operations

The net loss of the Group for the financial year after providing for income tax amounted to \$307,302 (2010: profit \$440,162).

During the middle of the 2011 financial year the directors decided that it would be in the best interests of the company to repay the loans provided from the first security holder, PayNow Ltd. All available funds from the company's cash flow were used to repay the loan as rapidly as possible. The company suspended new lending whilst this occurred and the goal of fully repaying PayNow by 30 June 2011 was achieved. Consequently the company is now originating new loans and is fully operational again.

Dividends paid or recommended

In respect of the financial year ended 30 June 2011, no dividends were paid or declared to the shareholders of Australian Premier Finance Company Limited (2010: \$1,000,000).

Significant Changes in State of Affairs

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2011 has been received and can be found on page 10 of the financial report.

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company is beneficial.

In these events the Board of directors will consider the position and seek advice that it is satisfied that the provision of the non audit services are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors will wish to be satisfied that the provision of non audit services by the auditor, will not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- a) All non audit services will have been reviewed to ensure they do not impact the impartiality and objectivity of the auditor; and
- b) None of the services will undermine the general principles relating to auditor's independence as set out in APES 110 "Code of Ethics for Professional Accountants".

A copy of the auditor's declaration of independence as required under section 307C of the Corporations Act is set out on page 10.

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Directors' Report

30 June 2011

Non-audit services (cont.)

Details of the amounts paid to the auditor of the company, Lawler Partners, and its related practices for audit and non audit services provided during the period are set out in Note 5 in the notes to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed under the Corporations Act 2001.

Options

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Meetings of directors

During the financial year, 2 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Wayne Adsett	2	2
Kenneth Allen	2	2
Mark Ellis	2	2

Indemnification of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Australian Premier Finance Holdings Limited.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

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Directors' Report

30 June 2011

Remuneration report (audited)

This report details the nature and amount of remuneration for each director of Australian Premier Finance Holdings Limited, and for the executives receiving the highest remuneration.

Remuneration policy

The remuneration policy of Australian Premier Finance Holdings Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Australian Premier Finance Holdings Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The total remuneration of directors is determined at a general meeting. Any increase must be approved at a general meeting provided notice of any suggested increase has been given when the meeting was convened. Once total directors' fees have been determined at a general meeting, the directors determine the amount to be paid to each director.

Any director who devotes special attention to the business of the company, or who otherwise performs services, which in the opinion of other directors are outside the scope of ordinary duties, may be paid such extra remuneration as the directors may determine.

All directors are entitled to be reimbursed for any out of pocket expenses incurred by them whilst engaged on the business of the company.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive.

Independent external advice is sought when required. Fees for non executive directors are not linked to the performance of the Group. However, to align director's interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Remuneration details for the year ended 30 June 2011

The remuneration for each director and each of the two executive officers of the the Group receiving the highest remuneration during the year was as follows:

2011	short term				\$
	Salary, Fees and Commissions (including superannuation)	Cash Bonus	Non-cash Benefits	Options	
	\$	\$	\$	\$	\$
Directors					
Wayne Adsett	60,000	-	-	-	60,000
Kenneth Allen	-	-	-	-	-
Mark Ellis	-	-	-	-	-
Specified Executives					
Carolyn Turner	43,006	-	-	-	43,006
Jason Allen	42,193	-	-	-	42,193
	145,199	-	-	-	145,199

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Directors' Report

30 June 2011

Remuneration report (audited)

The remuneration of key management personnel of the company does not include any performance based components. Accordingly, 100% of KMP is non-performance based. During the current financial year, Ms C Turner and Mr J Allen received remuneration from Texbon Pty Limited, who until 1 December 2010 had a management agreement with Australian Premier Finance Co Pty Limited. The remuneration amount noted above reflects remunerable payable from 1 December 2010 - 30 June 2011.

Details of remuneration for year ended 30 June 2010

The remuneration for each director and each of the two executive officers of the Group receiving the highest remuneration during the year ended 30 June 2010 was as follows:

	Salary, Fees and Commissions (including superannuation)	Cash Bonus	Non-Cash Benefits	Options	Total
	\$	\$	\$	\$	\$
Directors					
Wayne Adsett	-	-	-	-	-
Kenneth Allen	-	-	-	-	-
Mark Ellis	-	-	-	-	-
Liam Mulhall	-	-	-	-	-
Lawrence Hedges	-	-	-	-	-
Ian Bollen	-	-	-	-	-
	-	-	-	-	-
Specified Executives					
Carolyn Turner	-	-	-	-	-
Jason Allen	-	-	-	-	-
	-	-	-	-	-

Performance based remuneration

The remuneration of key management personnel of the company does not include any performance based components. Accordingly, 100% of KMP is non-performance based. During the current financial year, Mr J Allen, Mr K Allen and Ms C Turner received remuneration from Texbon Pty Limited, who has a management agreement with Australian Premier Finance Co Pty Limited. In the prior financial year former Brewtopia directors received a fixed management fee up until their cessation as executive directors.

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Directors' Report
30 June 2011

(b) Key Management Personnel Shareholdings

The number of ordinary shares in Australian Premier Finance Holdings Limited held by each key management personnel of the Group during the financial year is as follows:

	Balance at beginning of year	Shares acquired/ (disposed)	Other changes during the year	Balance at end of year
30 June 2011				
Wayne Adsett	14,863,782	-	-	14,863,782
Kenneth Allen	7,806,891	-	-	7,806,891
Mark Ellis	8,212,740	-	-	8,212,740
Carolyn Turner	250,000	-	-	250,000
Jason Allen	250,000	-	-	250,000
	31,383,413	-	-	31,383,413

	Balance at beginning of year	Shares acquired/ (disposed)	Other changes during the year	Balance at end of year
30 June 2010				
Wayne Adsett	-	14,863,782	-	14,863,782
Kenneth Allen	-	7,806,891	-	7,806,891
Mark Ellis	-	8,212,740	-	8,212,740
Liam Mulhall	671,891	(671,891)	-	-
Lawrence Hedges	672,890	(670,890)	-	2,000
Ian Bollen	68,000	-	-	68,000
Carolyn Turner	-	250,000	-	250,000
Jason Allen	-	250,000	-	250,000
	1,412,781	30,040,632	-	31,453,413

Employments contracts of directors and senior executives

There were no cash bonuses paid to key management personnel during the financial year.

Options and Rights Granted

There were no options or rights granted to key management personnel during the financial year.

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Directors' Report

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Additional Information

NSX Listing rules 6.9(9) and (10) require an analysis of the group for the last five financial years. The Directors consider that, given the entity significantly changed its business in 2010, that the following information would only be useful relevant for the past two financial years:

	2011	2010
	\$	\$
Sales revenue	3,087,082	4,319,608
EBITDA	576,294	1,486,443
EBIT	571,369	1,485,649
Profit / (loss) after income tax	(307,302)	440,162

The factors that are considered to affect total shareholders return (TSR) are summarised as follows:

	2011	2010
Share price at financial year end (\$A cents)	10 cents	10 cents
Total dividends declared (A\$ cents per share)	-	-*
Basic earnings per share	(0.53)	0.83

* The dividend paid in 2010 was prior to the reverse acquisition in March 2010. Accordingly, it was not considered appropriate to disclose this dividend in this analysis for comparative information purposes.

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Director:

Wayne Adsett

Director:

Kenneth Allen

Dated: 15.9.11

Sydney, NSW

Australian Premier Finance Holdings Limited

Corporate Governance Statement 30 June 2011

BOARD COMPOSITION AND MEMBERSHIP

The number of directors must consist of no fewer than three and no more than seven.

As at the date of this report the board consisted of three non executive directors (W Adsett, K Allen and M Ellis). The directors have elected Mr Adsett as Chairman. Individual details of directors, including their skills and experience, are set out in the Directors' Report.

DIRECTORS' ARRANGEMENTS

The Company's constitution provides that a director may hold office in any other entity that the Company deals with, with the exception of acting in the capacity of external auditor. Each director must disclose their interests in any other entities with whom the Company deals.

It is the practice of the board that when a conflict of interest or a potential conflict of interest exists, the director concerned withdraws from that part of the meeting whilst the matter is being considered. At the discretion of the other board members and depending on the degree to which a conflict exists, the director concerned may be able to be present during discussions but cannot vote or exert influence over other members of the board.

REMUNERATION OF DIRECTORS

The total remuneration of non executive directors is determined at a general meeting. Any increase must be approved at a general meeting provided notice of any suggested increase has been given when the meeting was convened. Once total non executive directors' fees have been determined at a general meeting, the directors determine the amount to be paid to each non executive director. Executive directors are not entitled to receive directors' fees.

Any director who devotes special attention to the business of the Company, or who otherwise performs services, which in the opinion of other directors are outside the scope of ordinary duties, may be paid such extra remuneration as the directors may determine.

All directors are entitled to be reimbursed for any out of pocket expenses incurred by them whilst engaged on the business of the Company.

Further details regarding the Company's remuneration policy are dealt with in the Directors' Report.

SHARE TRADING POLICY

The Company's share trading policy regulates dealings by the Company's directors, employees and personally related entities of directors and employees in any securities issued by the Company.

The purpose of the policy is to ensure that the Company's directors and employees are aware of the legal restrictions on trading any securities issued by the Company while such a person is in possession of unpublished price sensitive information. Additionally, the policy is intended to minimise the chance that misunderstandings or suspicions may arise if the Company's directors or employees are trading in securities while it is reasonable to assume that they may be in possession of price sensitive information. The policy recognises that it may be illegal to trade in the Company's securities while in possession of unpublished price sensitive information.

CORPORATE GOVERNANCE STATEMENT AUDIT COMMITTEE

The company has not established an audit committee at 30 June 2011 due to the current size of the company. Any matters of an audit nature are discussed with the external auditors. It is the intention of the board to establish an audit committee when the company reaches a size for the establishment to be cost effective.

Australian Premier Finance Holdings Limited

Corporate Governance Statement 30 June 2011

RISK MANAGEMENT

The board is ultimately responsible for the management and performance of the Company. The board considers the management of risk as one of its key responsibilities. The following processes or procedures have been established to curtail or prevent the occurrence of risks within the Company's operations.

- The establishment of a Credit Management Cell which approves all finance applications. As part of this process, only the Authorised Credit team can approve applications. Sales functions are separated from credit functions which further strengthen the approval process.
- The establishment of a detailed Credit Policy which stipulates the type of financing activities the Company will participate in. This policy is regularly reviewed to ensure it remains relevant.
- The establishment of a Security Register that details specific information in relation to certain types of securities that are held.
- Periodic audit of our information technology systems which includes the identification and rectification of any potential weaknesses that may exist within the constraints of an organisation of this size.

AUDIT

The board is responsible for the selection and appointment of the external auditor. To ensure the independence of the auditor, the Company will not use the services of the external auditor in a capacity that may jeopardize this independence.

CONTINUOUS DISCLOSURE AND REPORTING

The Company is aware of its responsibilities in relation to continuous disclosure as required by the Corporations Act 2001. Directors are also aware of their disclosure obligations at board meetings to keep the Company informed of any matters that are of a serious or significant nature that other directors should be aware of. The outcomes of discussions at board meeting are recorded in the Company's minutes.

Australian Premier Finance Holdings Limited

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

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



LAWLER PARTNERS
Chartered Accountants

Newcastle

Dated: 13 September 2011



CLAYTON HICKEY
Partner

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Statement of Comprehensive Income
for the Financial Year Ended 30 June 2011

		2011	2010
	Note	\$	\$
Revenue	2	3,087,082	4,319,608
Cost of sales	3	(612,859)	(1,064,469)
Administrative expense		(516,498)	(147,902)
Finance costs	3	(915,692)	(844,870)
Bad and doubtful debts expense	3	(710,781)	(875,755)
Factoring and usage fees		(553,501)	(660,689)
Other expenses		(122,174)	(85,144)
(Loss)/profit before income tax		(344,423)	640,779
Income tax benefit/(expense)	4	37,121	(200,617)
(Loss)/profit for the year after income tax		<u>(307,302)</u>	<u>440,162</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(307,302)</u>	<u>440,162</u>
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)	7	(0.53)	0.83
Diluted earnings per share (cents)	7	(0.53)	0.83

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Statement of Financial Position
as at 30 June 2011

	Note	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	17(a)	435,610	392,032
Trade and other receivables	8	3,556,171	4,498,200
Current tax asset	4(c)	42,755	-
TOTAL CURRENT ASSETS		4,034,536	4,890,232
NON-CURRENT ASSETS			
Trade and other receivables	8	3,171,481	6,000,809
Property, plant and equipment	9	35,685	3,430
Deferred tax assets	4(d)	284,541	225,091
Intangible assets	10	181,379	181,379
TOTAL NON-CURRENT ASSETS		3,673,086	6,410,709
TOTAL ASSETS		7,707,622	11,300,941
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	90,045	85,703
Income tax payable	4(c)	-	64,346
Borrowings	12	-	2,400,000
Employee benefits	13	24,243	-
TOTAL CURRENT LIABILITIES		114,288	2,550,049
NON-CURRENT LIABILITIES			
Borrowings	12	7,327,889	8,188,572
Employee benefits	13	10,428	-
TOTAL NON-CURRENT LIABILITIES		7,338,317	8,188,572
TOTAL LIABILITIES		7,452,605	10,738,621
NET ASSETS		255,018	562,320
EQUITY			
Issued capital	14	182,700	182,700
Reserves	28	(179,322)	(179,322)
Retained earnings		251,640	558,942
TOTAL EQUITY		255,018	562,320

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Statement of Changes in Equity
for the Financial Year Ended 30 June 2011

	Note	Ordinary Shares \$	Retained Earnings \$	Acquisition Reserve \$	Total \$
2011					
Balance at 1 July 2010		182,700	558,942	(179,322)	562,320
Loss for the year ended 30 June 2011		-	(307,302)	-	(307,302)
Balance at 30 June 2011		182,700	251,640	(179,322)	255,018

		Ordinary Shares \$	Retained Earnings \$	Acquisition Reserve \$	Total \$
2010					
Balance at 1 July 2009		2,700	1,118,780	-	1,121,480
Profit for the year ended 30 June 2010		-	440,162	-	440,162
Asset acquisition reserve		-	-	(179,322)	(179,322)
Issue of shares		180,000	-	-	180,000
Dividends provided for or paid	6	-	(1,000,000)	-	(1,000,000)
Balance at 30 June 2010		182,700	558,942	(179,322)	562,320

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Statement of Cash Flows
for the Financial Year Ended 30 June 2011

	2011	2010
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	761,721	1,394,086
Payments to suppliers and employees	(1,830,342)	(1,969,474)
Interest received	2,394,608	2,925,522
Interest paid	(769,481)	(844,870)
New loans issued	(1,557,659)	(5,243,600)
Loan payments received	4,618,236	4,451,096
Income taxes paid/(refunded)	(129,430)	(312,382)
Net cash provided by (used in) operating activities	17 3,487,653	400,378
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(37,180)	-
Net cash provided by (used in) investing activities	(37,180)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(3,691,895)	-
Proceeds from borrowings	285,000	788,534
Dividends paid	-	(1,000,000)
Net cash provided by (used in) financing activities	(3,406,895)	(211,466)
Net increase (decrease) in cash and cash equivalents held	43,578	188,912
Cash and cash equivalents at beginning of financial year	392,032	203,120
Cash and cash equivalents at end of financial year	17 435,610	392,032

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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

1 Summary of Significant Accounting Policies

(a) General information

The financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report of Australian Premier Finance Holdings Limited (the "company") complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

In the prior financial year, 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 is that of APF. Refer to Note 25 for further details of the transaction.

The financial report was authorised for issue by the Board of Directors on 15 September 2011.

(b) Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(c) Income tax

Current income tax expense

The charge for current income tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred income tax assets

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(c) Income tax (continued)

Accounting for deferred tax

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax calculation

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

(d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(e) Property, Plant and Equipment (continued)

Depreciation

The depreciable amount of all fixed assets are depreciated on a diminishing value basis over their useful lives to the company commencing from the time the asset is held ready for use.

Depreciation rates

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	37.5 %
Furniture, Fixtures and Fittings	6-33 %

(f) Intangibles

Intellectual Property

Intellectual property costs are recorded as an intangible asset. Costs are capitalised as an intangible asset, where such costs will derive future economic benefits. The intellectual property has not been amortised over its useful life, as it is deemed to be an intangible asset with an indefinite useful life.

Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition.

Goodwill is not amortised but is reviewed for impairment annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units, or groups of cash-generating units, expected to benefit from the synergies of the business combination. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or groups of cash-generating units), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of cash-generating units) and then to the other assets of the cash-generating units pro-rata on the basis of the carrying amount of each asset in the cash-generating unit (or group of cash-generating units). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period.

On disposal of an operation within a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(g) Impairment of non-financial assets

Impairment determination

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Assets are tested for recoverability whenever events or changes in circumstances indicate that its carrying value may not be fully recoverable.

The company monitors the recoverability of assets, based on factors such as current market value, future asset utilisation, business climate and future undiscounted cash flows expected to result from the use of the related assets. The company's policy is to record an impairment loss in the period when it is determined that the carrying amount of the asset may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the undiscounted estimate of future cash flows from the asset.

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held to maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available for sale financial assets include any financial assets not included in the above categories. Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortization.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)
(h) Financial instruments

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit and loss.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

(j) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Revenue from the rendering of services is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

(k) Goods and services tax (GST)

The Group is registered for GST. As the majority of APF's income is input taxed, GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense with the exception of debt recovery costs and other immaterial expense items where the company is eligible to claim a reduced input tax credit.

In AHP, revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis.

(l) Trade and other payables

Trade and other payables represented the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability

(m) Adoption of new and revised accounting standards

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

- AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'

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Notes to the Financial Statements
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1 Summary of Significant Accounting Policies (continued)

(m) Adoption of new and revised accounting standards (continued)

The consolidated entity has applied AASB 2009-5 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:

- AASB 101 'Presentation of Financial Statement' – classification is not affected by the terms of a liability that could be settled by the issuance of equity instruments at the option of the counterparty;
- AASB 107 'Statement of Cash Flows' – only expenditure that results in a recognised asset can be classified as a cash flow from investing activities;
- AASB 117 'Leases' – removal of specific guidance on classifying land as a lease;
- AASB 118 'Revenue' – provides additional guidance to determine whether an entity is acting as a principal or agent; and
- AASB 136 'Impairment of Assets' – clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 'Operating Segments' before aggregation for reporting purposes.

The application of AASB 2009-5 has not had any material effect on amounts reported in the financial statements.

- AASB 2009-8 'Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions'

The application of AASB 2009-8 makes amendments to AASB 2 'Share-based Payment' to clarify the scope of AASB 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

- AASB 2009-10 'Amendments to Australian Accounting Standards – Classification of Rights Issues'

The application of AASB 2009-10 makes amendments to AASB 132 'Financial Instruments: Presentation' to address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments.

- AASB 2010-3 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'

The application of AASB 2010-3 makes amendments to AASB 3(2008) 'Business Combinations' to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards.

In addition, the application of AASB 2010-3 makes amendments to AASB 3(2008) to give more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with AASB 2 'Share-based Payment' at the acquisition date ('market-based measure').

- Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments'

The Interpretation provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. In particular, the equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognized in profit or loss. To date, the Group has not entered into transactions of this nature.

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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(n) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the Group follows:

- *AASB 9: Financial instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).*

AASB 9 and AASB 2009-11 address the classification and measurement of financial assets and are likely to affect the Group's accounting for its financial assets. The Group is yet to assess its full impact. However, the amendments are not expected to have a significant impact on the financial statements.

- *AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments are a consequence of the annual improvements project and make numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provide clarification to disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instrument; clarifies that an entity can present an equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provides guidance of the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

- *AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).*

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

- *AASB 10: Consolidated Financial Statements (applicable to annual reporting periods beginning on or after 1 January 2013)*

The objective of this standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The Group is yet to assess the full impact of this standard.

- *AASB 11: Joint Arrangements (applicable to annual reporting periods beginning on or after 1 January 2013)*

The objective of this Standard is establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly. The Group is yet to assess the full impact of this standard.

- *AASB 12: Disclosure of Interests in Other Entities (applicable to annual financial reporting periods beginning on or after 1 January 2013)*

The objective of this standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(n) New accounting standards for application in future periods

(a) the nature of and risks associated with, its interests in other entities; and

(b) the effects of those interests on its financial position, financial performance and cash flows.

- *AASB 2009 12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).*

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- *Accounting Standard AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement.*

The Australian Accounting Standard Board makes Accounting Standard AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement under section 334 of the Corporations Act 2001. The objective of this Standard is to make amendments to Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction as a consequence of the issuance of Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14) by the International Accounting Standards Board in November 2009. This standard applies to annual reporting periods beginning on or after 1 January 2011. These amendments are not expected to impact the Group.

- *AASB 2010-5 Amendments to Australian Accounting Standards*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

- *AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2011. These amendments add and amend disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. The adoption of these amendments from 1 July 2011 will increase the disclosure requirements on the consolidated entity when an asset is transferred but is not derecognised and new disclosure required when assets are derecognised but the consolidated entity continues to have a continuing exposure to the asset after the sale.

- *AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2012 and a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life. The consolidated entity is yet to quantify the tax effect of adopting these amendments from 1 July 2012.

The Group does not anticipate early adoption of any of the above accounting standards.

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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(o) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the Group.

Significant accounting estimates

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts so cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and grown rates of the estimated future cash flows.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liability for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

Long service leave provision

As discussed in note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Significant accounting judgements

In the process of applying the company's accounting policies, management has not made any judgements which have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations.

(q) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(r) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

(s) Finance costs

Finance costs attributable to qualifying assets and capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on the bank overdraft
- interest on short-term and long-term borrowings
- interest on finance leases
- unwinding of the discount on provisions

(t) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months on the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely possible, the estimate future cash outflows.

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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

1 Summary of Significant Accounting Policies (continued)

(u) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Australian Premier Finance Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

	2011 \$	2010 \$
2 Revenue and Other Income		
Services revenue	690,804	1,322,750
Interest income - loans	2,375,099	2,914,097
Interest income – bank	19,509	11,425
Bad debt recoveries	-	71,099
Other income	1,670	237
	<u>3,087,082</u>	<u>4,319,608</u>
3 (Loss)/Profit from Ordinary Activities		
Cost of sales	612,859	1,064,469
Finance costs	915,692	844,870
Bad and doubtful debts expense	710,781	875,755
Depreciation of property plant and equipment	4,925	794
4 Income Tax Expense		
(a) The components of tax (benefit)/ expense comprise:		
Current tax	-	210,842
Under provision in prior year	22,329	-
Originating and reversing temporary differences	(59,450)	(10,225)
	<u>(37,121)</u>	<u>200,617</u>
(b) The prima facie (benefit)/ expense tax on profit from ordinary activities is reconciled to the income tax as follows:		
	2011 \$	2010 \$
Income tax (benefit)/ expense calculated at 30% (2010: 30%)	(103,327)	192,234
	<u>(103,327)</u>	<u>192,234</u>
Add tax effect of:		
- other non-allowable items	43,863	8,383
	<u>43,863</u>	<u>8,383</u>
Less tax effect of:		
- under provision in prior year	22,329	-
Income tax expense attributable to profit from ordinary activities	<u>(37,121)</u>	<u>200,617</u>
Income tax (benefit)/ expense attributable to profit/ (loss) from ordinary activities is made up of:		
Current income tax asset	22,329	210,842
Deferred income tax asset	(59,450)	(10,225)
	<u>(37,121)</u>	<u>200,617</u>
The applicable weighted average effective tax rates are as follows:	12%	31%

Australian Premier Finance Holdings Limited
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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

4 Income Tax Expense (continued)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

	2011 \$	2010 \$
(c) Current tax asset		
Income tax refundable	42,755	(64,346)
(d) Deferred tax		
Deferred tax assets comprise:		
Temporary differences	186,329	225,091
Tax losses- revenue	98,212	-
	<u>284,541</u>	<u>225,091</u>

Taxable losses and deductible temporary differences arise from the following:

	Opening Balance \$	Charged to Income \$	Charged directly to Equity \$	Changes in Tax Rate \$	Exchange Differences \$	Closing Balance \$
Deferred tax assets						
Provision for doubtful debts	207,451	7,140	-	-	-	214,591
Accruals	7,415	3,085	-	-	-	10,500
Balance at 30 June 2010	<u>214,866</u>	<u>10,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,091</u>
Provision for doubtful debts	214,591	(54,472)	-	-	-	160,119
Accruals	10,500	5,309	-	-	-	15,809
Employee benefits	-	10,401	-	-	-	10,401
Tax losses- revenue	-	98,212	-	-	-	98,212
Balance at 30 June 2011	<u>225,091</u>	<u>59,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,541</u>

5 Auditor's Remuneration

	2011 \$	2010 \$
Remuneration of the auditor of the parent entity, for:		
- auditing the financial report (i)	26,500	22,500
- review of interim financial report (i)	4,950	-
	<u>30,450</u>	<u>22,500</u>

(i) This reflects the remuneration paid to Lawler Partners, as auditors of Australian Premier Finance Holdings Limited.

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Notes to the Financial Statements
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	2011	2010
	\$	\$
6 Dividends		
Interim fully franked ordinary dividend of \$Nil (2010: \$416.67) per share franked at the tax rate of 30%	-	1,000,000
Adjusted franking account balance	536,618	536,973
7 Earnings per Share		
(a) Earnings Used in Calculation of EPS		
(Loss)/ profit for the year	(307,302)	440,162
	2011	2010
	No.	No.
(b) Weighted Average Number of Shares Used in Calculation of EPS		
Ordinary EPS	58,256,207	53,239,873
	2011	2010
	\$	\$
8 Trade and Other Receivables		
CURRENT		
Trade receivables	3,995,725	5,164,409
Provision for impairment	(533,728)	(715,303)
	3,461,997	4,449,106
Prepayments	6,930	-
Other receivables	87,244	49,094
	3,556,171	4,498,200
NON-CURRENT		
Trade receivables (cost)	3,171,481	6,000,809

(a) Trade receivables

The Group has recognised an allowance for doubtful debts of 100% against all unscheduled arrears receivables over 90 days.

Before accepting any new customer, the Group uses an internal credit policy to assess the potential customer's credit quality. There are no customers who represent more than 5% of the total balance of trade receivables.

(b) Aged analysis

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

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Notes to the Financial Statements
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8 Trade and Other Receivables (continued)

	2011	2010
	\$	\$
0-30 days	5,426,772	8,813,318
31-60 days	451,411	608,106
61-90 days	292,202	439,650
91+ days (not considered impaired)	463,093	588,841
91+ days (considered impaired)	533,728	715,303
	<u>7,167,206</u>	<u>11,165,218</u>

(c) Movement in the provision for impairment of receivables

Movement in the provision for impairment of receivables is as follows:

Balance at beginning of year	715,303	691,504
Impairment losses recognised on receivables	710,781	875,755
Amounts written off during the year	(892,356)	(851,956)
Balance as the end of the year	<u>533,728</u>	<u>715,303</u>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

9 Property, Plant and Equipment

Plant and equipment - at cost	13,557	11,537
Less: accumulated depreciation	(11,360)	(11,178)
	<u>2,197</u>	<u>359</u>
 Furniture, fixtures and fittings - at cost	 39,167	 4,007
Less: accumulated depreciation	(5,679)	(936)
	<u>33,488</u>	<u>3,071</u>
	<u>35,685</u>	<u>3,430</u>

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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

9 Property, Plant and Equipment (continued)

(a) Movements in Carrying Amounts

	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Total \$
Balance at 1 July 2009			
Balance at the beginning of the year	756	3,468	4,224
Depreciation expense	(397)	(397)	(794)
Balance at 30 June 2010	359	3,071	3,430
Balance at 1 July 2010			
Balance at the beginning of the year	359	3,071	3,430
Additions	2,020	35,160	37,180
Depreciation expense	(182)	(4,743)	(4,925)
Balance at 30 June 2011	2,197	33,488	35,685

	2011 \$	2010 \$
10 Intangible Assets		
Goodwill	81,379	81,379
Intellectual property	100,000	100,000
	181,379	181,379

(a) Reconciliation of movements

	Goodwill \$	Intellectual property \$	Total \$
Year ended 30 June 2010			
Balance at the beginning of the year	81,379	100,000	181,379
Closing value at 30 June 2010	81,379	100,000	181,379
Year ended 30 June 2011			
Balance at the beginning of the year	81,379	100,000	181,379
Closing value at 30 June 2011	81,379	100,000	181,379

(b) Useful Lives

The directors consider the intellectual property to have an indefinite useful life.

(c) Impairment testing

The recoverable amount of the consolidate entity's goodwill and intellectual property has been determined by a value-in-use calculation using a discounted cash flow model, based on a 2 year projection period approved by management and extrapolated for a further three years using a steady rate, together with a terminal value.

Australian Premier Finance Holdings Limited
ACN: 099 912 044

Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

10 Intangible assets (continued)

Key assumptions are those to which the recoverable amount of an asset of cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model:

- Revenue Growth rate: 0% (2010: 0%)
- Expense Growth rate: 3% (2010: 3%)
- Discount rate: 15% (2010: 15%)

The discount rate of 15% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average costs of capital, the risk free rate and the volatility of the share price relative to market movements.

There was nil impairment at 30 June 2011 (2010: nil) as a result of recoverable amount assessment. Sensitivity analysis of 2-5% movement in key details and no impairment indicators identified.

Australian Premier Finance Holdings Limited
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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

	2011 \$	2010 \$
11 Trade and Other Payables		
Trade and other payables	90,045	85,703
	<u>90,045</u>	<u>85,703</u>
12 Borrowings		
CURRENT		
Secured liabilities:		
MotorPay Pty Limited (c)	-	2,400,000
	<u>-</u>	<u>2,400,000</u>
NON-CURRENT		
Unsecured liabilities:		
Northview Group Ltd (d)	309,326	291,667
Charles Garrison (d)	553,240	517,121
Vintage Cellars Ltd (d)	148,305	137,919
MP Ellis Holdings P/L atf The Ellis Hybrid (d)	420,729	392,871
RAE Group Ltd (d)	204,116	189,613
Adsett & Associates (d)	204,016	189,612
K & J Allen (d)	721,376	674,067
	<u>2,561,010</u>	<u>2,392,870</u>
Secured liabilities:		
Charles Garrison (a)	4,475,050	4,208,546
Adsett & Associates Ltd (b)	291,829	100
MotorPay Pty Limited (c)	-	1,587,056
	<u>4,766,879</u>	<u>5,795,702</u>
	<u>7,327,889</u>	<u>8,188,572</u>

(a) The loan from Charles Garrison is secured by a fixed and floating charge over the company's assets registered with ASIC on 15 December 2003.

(b) The loan from Adsett & Associates Ltd is secured by a fixed and floating charge over the company's assets registered with ASIC on 27 June 2007.

(c) The company has repaid its finance facility with MotorPay Pty Limited by 30 June 2011. The facility limit was \$5,600,000 at any time subject to the facility conditions. The loan for MotorPay Pty Limited was secured by a fixed and floating charge over the company's assets registered with ASIC on 15 April 2005.

The company, being the Security provider and MotorPay Pty Limited ("Security Holder #1") and Charles Garrison ("Security Holder #2") and Adsett & Associates Ltd ("Security Holder #3") have entered in a priority agreement.

(d) 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 AHP being issued \$2.414m ordinary shares 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.

Australian Premier Finance Holdings Limited
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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

	2011 \$	2010 \$
13 Employee Benefits		
CURRENT		
Employee entitlements (a)	24,243	-
NON CURRENT		
Employee entitlements (a)	10,428	-
	2011 \$	2010 \$
(a) Total employee entitlements		
Carrying amount at the start of the year	-	-
Net additional provisions during the year	34,671	-
Carrying amount at the end of the year	34,671	-
14 Issued Capital		
58,256,207 fully paid ordinary shares (2010: 58,256,207)	182,700	182,700
	182,700	182,700
	2011 No.	2010 No.
(a) Fully paid ordinary shares		
At the beginning of the reporting period	58,256,207	4,794,669
Shares issued during the year	-	53,461,538
At the end of the reporting period	58,256,207	58,256,207

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the company can fund its operations and continue as a going concern. The company's debt and capital consists of ordinary share capital and financial liabilities, supported by financial and other assets. There are no externally imposed working capital restrictions or capital requirements.

Management effectively manage the company's capital include management of debt levels and share issues when further capital is required. There have been no changes to this strategy during the period.

Australian Premier Finance Holdings Limited
ACN: 099 912 044

Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

15 Contingent Liabilities and Contingent Assets

There are no contingent assets or liabilities in existence at balance date not otherwise disclosed in the financial report.

16 Segment Reporting

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.

17 Cash Flow Information

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:

	2011	2010
	\$	\$
Cash and cash equivalents	435,610	392,032
	<u>435,610</u>	<u>392,032</u>

(b) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of (loss)/ profit to net cash provided by operating activities:

Net income for the period	(307,302)	440,162
Cash flows excluded from (loss)/ profit attributable to operating activities		
Non-cash flows in (loss)/ profit:		
- Interest payable on redeemable preference shares	146,211	-
- Depreciation	4,925	794
- Bad/ doubtful debts	(181,575)	23,799
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in loan receivables	3,952,932	59,452
- (increase)/decrease in deferred tax assets	(59,450)	(10,225)
- increase/(decrease) in trade payables and accruals	4,342	(12,064)
- increase/(decrease) in current tax balances	(107,101)	(101,540)
- increase/(decrease) in provisions	34,671	-
Cashflow from operations	<u>3,487,653</u>	<u>400,378</u>

18 Loan Facilities

Loan facility	-	5,600,000
Amount utilised	<u>-</u>	<u>(3,987,053)</u>
	<u>-</u>	<u>1,612,947</u>

The major facilities are summarised as follows:

The company had previously entered into a finance facility with MotorPay Pty Limited. The facility limit was \$5,600,000 at any time subject to the facility conditions. The company has now fully repaid this facility.

Australian Premier Finance Holdings Limited
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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

19 Events After the End of the Reporting Period

There has not been any 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.

20 Company Details

The registered office of the company is:

Whittens Lawyers and Consultants
Suite 9, Level 5
137 139 Bathurst Street
SYDNEY NSW 2000

The principal places of business is:

3 Industrial Crescent
LEMON TREE PASSAGE NSW 2319

21 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transaction with related parties:

	2011	2010
	\$	\$
Director and Director related entities		
Prior to 1 December 2010, APF paid Texbon \$239,372 for administrative services provided between 1 July 2010 - 30 November 2010 (2010: \$673,090)	239,372	673,090
Pensioner Financial Services Pty Limited, a company controlled by Mr K Allen, provided premises for rent for the period 1 December 2010 – 30 June 2011	49,813	-
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	31,964	-
By mutual agreement, 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 (2010: \$nil)	22,000	-
Adsett & Associates Ltd, a company controlled by Wayne Adsett, a director, provided financial management services	60,000	67,661
Loan owing from Lemon Tree Passage Car Sales (a company associated with Mr K Allen)	45,744	49,094
Loans owing to Adsett & Associates Ltd (a company associated with Mr W Adsett)	291,829	189,712
Redeemable preference shares issued to Adsett & Associates Ltd (a company associated with Mr W Adsett)	204,017	-
Loans owing to Northview Group Ltd (a company associated with Mr W Adsett)	-	291,667
Redeemable preference shares issued to Northview Group Ltd (a company associated with Mr W Adsett)	309,326	-
Loan owing to MP Ellis Holdings Ltd (a company associated with Mr M Ellis)	-	392,871
Redeemable preference shares issued to MP Ellis Holdings Ltd (a company associated with Mr M Ellis)	420,729	-

Australian Premier Finance Holdings Limited
ACN: 099 912 044

Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

21 Related Party Transactions

Director and Director related entities (continued)	2011	2010
	\$	\$
Interest paid/accrued to Adsett & Associates Ltd (a company associated with Mr W Adsett) on redeemable preference shares / loans	18,376	4,638
Interest paid/accrued to Northview Group Ltd (a company associated with Mr W Adsett) on redeemable preference shares / loans	17,660	-
Interest paid/accrued to MP Ellis Holdings (a company associated with Mr M Ellis) on redeemable preference shares / loans	24,020	23,030

22 Interests of Key Management Personnel

Names and positions held of key management personnel in office at any time during the financial year are:

Wayne Adsett - Director	Kenneth Allen - Director
Mark Ellis - Director	Carolyn Turner - General Manager
Jason Allen – Business Development Manager	

The remuneration of key management personnel is included in the Directors Report.

(a) Key Management Personnel Shareholdings

The number of ordinary shares in Australian Premier Finance Holdings Limited held by each key management personnel of the Group during the financial year is as follows:

	Balance at beginning of year	Shares acquired/ (disposed)	Other changes during the year	Balance at end of year
30 June 2011				
Wayne Adsett	14,863,782	-	-	14,863,782
Kenneth Allen	7,806,891	-	-	7,806,891
Mark Ellis	8,212,740	-	-	8,212,740
Carolyn Turner	250,000	-	-	250,000
Jason Allen	250,000	-	-	250,000
	31,383,413	-	-	31,383,413
	Balance at beginning of year	Shares acquired/ (disposed)	Other changes during the year	Balance at end of year
30 June 2010				
Wayne Adsett	-	14,863,782	-	14,863,782
Kenneth Allen	-	7,806,891	-	7,806,891
Mark Ellis	-	8,212,740	-	8,212,740
Liam Mulhall	671,891	(671,891)	-	-
Lawrence Hedges	672,890	(670,890)	-	2,000
Ian Bollen	68,000	-	-	68,000
Carolyn Turner	-	250,000	-	250,000
Jason Allen	-	250,000	-	250,000
	1,412,781	30,040,632	-	31,383,413

Australian Premier Finance Holdings Limited
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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

23 Financial Instruments

(a) Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable, loans to and from subsidiaries and bank bills.

The main purpose for non derivative financial instruments is to raise finance for Group operations. The company does not have any derivative financial instruments at the end of the financial year.

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a stringent policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group has specific policies with respect to the approval of loans to counterparties. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics.

Australian Premier Finance Holdings Limited
ACN: 099 912 044

Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

23 Financial Instruments (continued)

(c) Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Fixed Interest Rate		Floating Interest Rate		Non-interest Bearing		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:										
Cash and cash equivalents	1.00	1.00	-	-	435,610	392,032	-	-	435,610	392,032
Trade and other receivables	29.00	29.00	7,167,206	11,165,218	-	-	87,244	49,094	7,254,450	11,214,312
Total Financial Assets			7,167,206	11,165,218	435,610	392,032	87,244	49,094	7,690,060	11,606,344
Financial Liabilities:										
Trade and other payables	-	-	-	-	-	-	90,045	85,703	90,045	85,703
Borrowings	13.24	13.24	7,327,889	6,601,516	-	3,987,056	-	-	7,327,889	10,588,572
Total Financial Liabilities			7,327,889	6,601,516	-	3,987,056	90,045	85,703	7,417,934	10,674,265

Australian Premier Finance Holdings Limited
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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

23 Financial instruments (continued)

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk and has determined that any fluctuations would not have a material impact on profit or equity. The Group is exposed to interest rate risk on its finance leases and cash at bank however any changes affecting these would be minimal.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points lower/higher and all other variables were held constant the Group's profit for the year ended 30 June 2011 would decrease/increase by \$2,178 (2010: decrease/increase by \$37,851). This is attributable to the Group's exposure to interest rates on its variable rate borrowings and variable rate loans receivable.

The Group is not exposed to any other market rate fluctuations.

(e) Net fair values

The net fair value approximates the carrying value of financial assets and liabilities of the economic entity. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

(f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short – medium – long – term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

24 Parent entity information

A summarised financial position and performance of AHP, the legal parent entity, is as follows:

	2011	2010
	\$	\$
Current assets	11,752	9,932
Non-current assets	2,708,821	180,000
Total assets	2,720,573	189,932
Current liabilities	240,134	37,198
Non-current liabilities	2,561,010	-
Total Liabilities	2,801,144	37,198
Capital	1,119,611	1,119,611
Retained earnings	(1,200,183)	(966,876)
Net profit/ (loss) for the period	(233,306)	(90,867)
Total comprehensive income	(233,306)	(90,867)

Australian Premier Finance Holdings Limited
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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

24 Parent entity information (continued)

AHP does not have any contingent assets or liabilities, guarantees or contractual commitments in existence at balance date not otherwise disclosed in the financial report.

25 Reverse Asset Acquisition

In the previous financial year, Australian Premier Finance Holdings Limited ("AHP") completed the acquisition of Australian Premier Finance Company Limited ("APF") on 8 March 2010, through acquiring 100% of their shares. The purchase price was paid for by the issues of AHP shares to the value of \$1.8m.

Deemed Acquirer

Following the transaction, APF holds a controlling interest in AHP and as a result, APF, the legal subsidiary of AHP, is the deemed acquirer in the transaction. The comparative consolidated Statement of Comprehensive Income for the year ended 30 June 2010 represents the annual results of APF and results of AHP from the date of acquisition. The Statement of Financial Position as at 30 June 2010 represents the consolidated group at that time.

Cost of the Reverse Asset Acquisition

The costs of the reverse asset acquisition was determined by reference to the fair value of the equity that APF would have issued to AHP shareholders at transaction date to give AHP shareholders the same percentage ownership in the Group. Based on the business valuation performed by William Buck, the APF business has a fair value of \$1.2m to \$1.8m. The pre transaction AHP shareholders hold approximately 10% of the post transaction equity of the Group. Applying this requirement to the maximum value above would equate a fair value of the consideration provided of \$180,000. At transaction date, the net assets of AHP were \$678 following the disposal of the marketing and distribution business.

As noted previously, although the transaction represented a reverse asset acquisition transaction, it does not technically meet the definition of a business combination under AASB 3 "Business Combinations". This was due to AHP being a listed shell company following its disposal of the marketing and distribution business. A listed shell company does not constitute a business as defined by AASB 3, as there are no integrated activities or assets of AHP to be acquired by APF. Whilst the transaction represented a 'reverse asset acquisition', which is outside the scope of AASB 3, the principles of AASB 3 with regard to reverse acquisition accounting are applicable to the implementation of an appropriate accounting policy for the transaction.

The requirement to determine the transaction's fair value of the consideration remains. However, because the transaction is not a business combination, no goodwill or other intangible asset is recognised for the difference between the consideration and the fair value of assets acquired. This difference was reflected as an Acquisition Reserve as follows:

Fair Value of consideration transferred	\$180,000
Fair Value of AHP at Transaction date	<u>(\$678)</u>
Excess of consideration over Fair Value of assets deemed acquired (Acquisition Reserve)	<u><u>\$179,322</u></u>

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Notes to the Financial Statements
For the Financial Year Ended 30 June 2011

26 Subsidiaries

Details of the subsidiaries of the 'accounting' parent, APF, at 30 June 2011 are as follows:

Name of subsidiary	Principal Activity	Place of incorporation & operation	Proportion of ownership interest & voting power	
			2011	2010
Australian Premier Finance Holdings	Dormant	Australia	0% *	0%

* The shares of Australia Premier Finance Holdings Limited are held by external shareholders.

27 Capital and Leasing Commitments

The Group does not have any capital expenditure in existence at balance date not otherwise disclosed in the financial report.

Lease commitments – operating

Committed at the reporting date but not recognised as liabilities, payable:

	2011	2010
	\$	\$
Within one year	84,615	
One to five years	123,914	-
More than five years	-	-
	<u>208,529</u>	

The above lease commitments relates to the rental of premises at 3 Industrial Crescent at Tanilba Bay, New South Wales.

28 Reserves

Acquisition reserve

Movement in reserves

Opening balance

Movement in current year (note 25)

	2011	2010
	\$	\$
Acquisition reserve	<u>179,322</u>	<u>179,322</u>
Movement in reserves		
Opening balance	179,322	-
Movement in current year (note 25)	-	179,322
	<u>179,322</u>	<u>179,322</u>

Australian Premier Finance Holdings Limited

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Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set in the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cashflows and notes to the financial statements, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001;
 - b. give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the consolidated entity;
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issues by the International Accounting Standards Board; and
 - d. the directors have been given the declarations required by s.295A of the Corporations Act.
2. In the directors' 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Director
Wayne Adsett

Director
Ken Allen

Dated 15.9.11

Newcastle

Independent Audit Report to the members of Australian Premier Finance Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of Australian Premier Finance Holdings Limited and controlled entities (the Economic Entity), which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Economic Entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting 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 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. In Note 1 the directors also state, in accordance with Accounting Standard *AASB 101: Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* was provided to the directors of Australian Premier Finance Holdings Limited and controlled entities on 13 September 2011.

Sydney

Level 9, 1 O'Connell Street
Sydney NSW 2000 Australia
GPO Box 5446 Sydney NSW 2001

telephone 02 8346 6000
facsimile 02 8346 6099

Newcastle

763 Hunter Street
Newcastle West NSW 2302 Australia
PO Box 2368 Dangar NSW 2309

telephone 02 4962 2688
facsimile 02 4962 3245
DX 4303

Independent Audit Report to the members of Australian Premier Finance Holdings Limited

Auditor's Opinion

In our opinion, the financial report of Australian Premier Finance Holdings Limited is in accordance with:


- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Economic Entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Remuneration Report

We have audited the Remuneration Report included in pages 4 to 6 of the report of directors for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Australian Premier Finance Holdings Limited for the year ended 30 June 2011, complies with s300A of the *Corporations Act 2001*.



LAWLER PARTNERS
Chartered Accountants

Newcastle


CLAYTON G HICKEY
Partner

Dated: 20 September 2011

Australian Premier Finance Holdings Limited

Additional Information for Listed Public Companies 30 June 2011

Top 20 Ordinary Shareholders as at 30 June 2011.

Shareholder	Shares	% of Issued
Northview Group Ltd	14,863,782	25.51
Mr Charles P Garrison	10,866,987	18.65
MP Ellis Holdings Pty Ltd <The Ellis Hybrid A/C>	8,212,740	14.10
Mr Kenneth D Allen	7,806,891	13.40
Ms Joan A Allen	7,806,891	13.40
Vintage Cellars Ltd	2,904,247	4.99
A C Labels Pty Ltd	986,805	1.69
Sterling Growth Pty Limited	604,890	1.04
Palm Leaf Pty Limited	504,226	0.87
Springfresh Marketing Pty Limited <Dash Family Staff S/F A/C>	440,000	0.76
Mr Jason K Allen	250,000	0.43
Ms Carolyn A Turner	250,000	0.43
Exchequer Investments Ltd	250,000	0.43
Rae Group Ltd	250,000	0.43
Cryogen Australia Pty Ltd	200,000	0.34
Mr Greg Mark Bunt	90,042	0.15
Mr Anthony Paul Moran	90,042	0.15
Shirley David	66,196	0.11
Mr Ian Edward Bollen & Ms Susan Patricia Kelly	50,000	0.09
Samuel Clarke Investments Pty Ltd <Clarke Family A/C>	50,000	0.09
Donscape Pty Ltd <M & J Taylor Family A/C>	50,000	0.09
Total	56,593,739	97.15

Number of ordinary shares held	Number of shareholders	Total units	Percentage holdings %
1 – 1,000	2	2,000	0.003
1,001 – 5,000	194	576,500	0.990
5,001 – 10,000	54	482,474	0.828
10,001 – 100,000	29	997,774	1.713
100,001 and over	15	56,197,459	96.466
Total	294	58,256,207	100.00