

ASCEND ASSET MANAGEMENT PTY LTD
ACN 112 871 842

ANNUAL REPORT

30 JUNE 2005

ASCEND ASSET MANAGEMENT PTY LTD
ACN 112 871 842
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD 9 FEBRUARY 2005 TO 30 JUNE 2005

	Note	2005 \$
Revenue from ordinary activities	2	55
Other expenses from ordinary activities	3	<u>30,857</u>
Loss from ordinary activities before income tax expense		(30,802)
Income tax expense relating to ordinary activities	1a	<u>-</u>
Loss from ordinary activities after related income tax expense		<u>(30,802)</u>
Net loss attributable to members		<u>(30,802)</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u><u>(30,802)</u></u>
Basic earnings per share (cents per share)	11	<u>(1.33)</u>
Diluted earnings per share (cents per share)	11	<u>(1.33)</u>

The accompanying notes form part of these financial statements

ASCEND ASSET MANAGEMENT PTY LTD
ACN 112 871 842
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	Note	2005 \$
CURRENT ASSETS		
Cash at Bank	4	6,581
Receivables	5	<u>2,077</u>
TOTAL CURRENT ASSETS		<u>8,658</u>
NON-CURRENT ASSETS		
Other	6	<u>1,040</u>
TOTAL NON-CURRENT ASSETS		<u>1,040</u>
TOTAL ASSETS		<u>9,698</u>
CURRENT LIABILITIES		
Payables	7	<u>5,500</u>
TOTAL CURRENT LIABILITIES		<u>5,500</u>
NON-CURRENT LIABILITIES		
Payables		<u>-</u>
TOTAL NON-CURRENT LIABILITIES		<u>-</u>
TOTAL LIABILITIES		<u>5,500</u>
NET ASSETS		<u>4,198</u>
EQUITY		
Contributed Equity	8	35,000
Retained Profits/(Accumulated Losses)	9	<u>(30,802)</u>
TOTAL EQUITY		<u>4,198</u>

The accompanying notes form part of these financial statements

ASCEND ASSET MANAGEMENT PTY LTD
ACN 112 871 842
STATEMENT OF CASH FLOWS
FOR THE PERIOD 9 FEBRUARY 2005 TO 30 JUNE 2005

	Note	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		-
Payments to Suppliers		(28,474)
Interest Received		<u>55</u>
Net cash provided by (used in) operating activities	10	<u>(28,419)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share applications	8	<u>35,000</u>
Net cash provided by (used in) financing activities		<u>35,000</u>
Net increase in cash held		<u>6,581</u>
Cash at end of period	4	<u><u>6,581</u></u>

The accompanying notes form part of these financial statements

ASCEND ASSET MANAGEMENT PTY LTD
ACN 112 871 842
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 FEBRUARY 2005 TO 30 JUNE 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Ascend Asset Management Pty Ltd, a Proprietary Company incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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.

a Income Tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits in respect of timing differences are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in respect of losses are not brought to account unless there is virtual certainty of realisation of the benefit. At reporting date an amount of \$9,241 being 30% of the tax losses of \$30,802 has not been recognised as a future income tax benefit as there is no virtual certainty of realisation of the benefit.

The amount of benefits expected to arise from the recoupment of tax losses in accordance with the legislation will only be obtained if no adverse changes will occur in tax legislation, and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

b Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

c Revenue

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

Revenue from the rendering of a service 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).

ASCEND ASSET MANAGEMENT PTY LTD
ACN 112 871 842
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 FEBRUARY 2005 TO 30 JUNE 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

d Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the assets or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

e Impact of Adoption of Australian Equivalents to International Financial Reporting Standards

The company is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the company's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The company's management, with the assistance of external consultants, has assessed the significance of the expected changes and is preparing for their implementation. An AIFRS committee is overseeing and managing the company's transition to AIFRS. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The directors are of the opinion that the key material differences in the company's accounting policies on conversion to AIFRS and the financial effects of these differences, where known, are as follows. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS or interpretation of the AIFRS requirements from the continuing work of the company's AIFRS committee.

(i) Income Tax

Currently, the company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under AASB 112: Income Taxes, the company will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

This Standard requires the recognition of a Deferred Tax Asset of carried forward unused tax losses where it is probable that sufficient future taxable profits will be available to offset the unused tax losses of the Company. On transition, a Deferred Tax Asset of \$9,241 will not be recognised, as there is currently no evidence to suggest future taxable profits will be available.

(ii) Share Based Payments

Under AASB 2: Share Based Payments, share based payments are required to be recognised as an expense. This will result in a change in the current accounting policy which requires the disclosure of the amount and details of the components of director and executive remuneration, but not the recognition of share based payments expense.

On transition the impact of this is estimated to have no impact on Retained Profits at 1 July 2005.

ASCEND ASSET MANAGEMENT PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 FEBRUARY 2005 TO 30 JUNE 2005

2005
\$

NOTE 2: REVENUE

Operating Activities	
Interest Received	55
Total Revenue	55

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income tax has been determined after:

Expenses

Amortisation	260
Consulting Fees	30,250
Other Expenses	347
Total Expenses	30,857

NOTE 4: CASH ASSETS

Cash at Bank	6,581
	6,581

Reconciliation of Cash

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

Cash at Bank	6,581
	6,581

NOTE 5: RECEIVABLES

CURRENT

GST Refundable	2,050
Sundry Debtor	27
	2,077

Total Receivables	2,077
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NOTE 6: NON-CURRENT ASSETS - OTHER

Formation Expenses at Cost	1,300
Less: Accumulated Amortisation	(260)
	1,040

Total Non-Current Assets Other	1,040
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ASCEND ASSET MANAGEMENT PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 FEBRUARY 2005 TO 30 JUNE 2005

2005
\$

NOTE 7: PAYABLES

CURRENT

Amounts Payable to Director Related Entities

5,500

5,500

Total Payables

5,500

NOTE 8: CONTRIBUTED EQUITY

Issued and paid up capital

24,000,000 ordinary shares fully paid

35,000

Ordinary Shares

35,000 shares issued at no cost

35,000

205,000 shares issued at no cost

205,000

23,760,000 bonus shares issued on the basis of 99 new shares fully paid to every 1 share on issue

23,760,000

24,000,000

3,500,000 ordinary shares (fully paid at \$0.01) were issued on 12 August 2005 from funds received prior to 30 June 2005. This would take the total number of shares on issue to 27,500,000.

Each option entitles the holder to subscribe for one ordinary share in the capital of the company. The company has on issue 24,000,000 options. These options have an exercise price of \$0.15 and may be exercised in whole or part at any time up until 30 June 2015.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

If in the event of winding up of the company there remains a surplus of assets available for distribution to Members, ordinary shareholders will be repaid in proportion to the number of fully paid ordinary shares held by them.

NOTE 9: RETAINED PROFITS/(ACCUMULATED LOSSES)

Net profit/(loss) for the period

(30,802)

Retained profits/(loss) at the end of the period

(30,802)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 FEBRUARY 2005 TO 30 JUNE 2005

2005
\$

NOTE 10: CASH FLOW INFORMATION

**Reconciliation of Cash Flow from
Operations with Profit from Ordinary
Activities after Income Tax**

Loss from ordinary activities after income tax	(30,802)
Non-cash flows in loss from ordinary activities	
Amortisation	260
(Increase) in receivables	(2,077)
(Increase) in formation expenses	(1,300)
Increase in payables	5,500
Cash flow from/used in operations	<u>(28,419)</u>

NOTE 11: EARNINGS PER SHARE

Reconciliation of Earnings to Net Loss

Net Loss	<u>(30,802)</u>
Earnings used in the calculation of basic earnings per share	<u>(30,802)</u>
Earnings used in the calculation of diluted earnings per share	<u>(30,802)</u>
Weighted average number of ordinary shares outstanding at 30 June 2005 used in the calculation of basic earnings per share	<u>2,312,959</u>
Weighted average number of ordinary shares outstanding at 30 June 2005 used in the calculation of diluted earnings per share	<u>2,312,959</u>

NOTE 12: RELATED PARTY TRANSACTIONS

Names and positions held in Ascend Asset Management Pty Ltd by Directors in Office at any time during the financial year:

Directors

Mr D P LeMessurier	Chairman - Non-executive	Appointed 9 February 2005
Mr A P Beasley	Managing Director - Executive	Appointed 6 April 2005
Mr D H Sutton	Director - Non-executive	Appointed 1 June 2005
Mr J H Boorne	Director - Non-executive	Appointed 1 June 2005

ASCEND ASSET MANAGEMENT PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 FEBRUARY 2005 TO 30 JUNE 2005

NOTE 12: RELATED PARTY TRANSACTIONS (cont)

Other Related Parties Transactions with the Company

Aggregate Number of Shares and Share Options

The aggregate number of shares and share options acquired and held by Directors and their related parties as at 30 June 2005 are as follows:-

	Shares Acquired	Shares Disposed	Shares held at 30 June 2005	Options held at 30 June 2005
Mr D P LeMessurier	7,765,000	15,000	7,750,000	7,750,000
Mr A P Beasley	4,000,000	-	4,000,000	4,000,000
Mr D H Sutton	4,000,000	-	4,000,000	4,000,000
Mr J H Boorne	4,000,000	-	4,000,000	4,000,000
	<u>19,765,000</u>	<u>15,000</u>	<u>19,750,000</u>	<u>19,750,000</u>

Aggregate number of shares disposed 15,000

Aggregate number of options disposed -

All shares and share options issued to Directors and their related entities were issued for no consideration.

All share options may be exercisable until 30 June 2015 at an exercise price of 15 cents each.

These shares and share options have all been issued since incorporation.

Consulting Agreements

Finta Pty Ltd, a company controlled by A P Beasley, was in receipt of consulting fees for the year ended 30 June 2005 of an amount of \$20,000.

Alice LeMessurier was engaged to provide consulting services during the year. She is the daughter of D P LeMessurier and was paid \$10,250.

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

NOTE 13: FINANCIAL INSTRUMENTS

Interest Rate Risk

The company has no long term financial assets or liabilities upon which it earns or pays interest. Cash is held in an interest yielding cheque account where the interest rate can vary from day to day. The weighted average interest rate achieved was 4.85%.

ASCEND ASSET MANAGEMENT PTY LTD
ACN 112 871 842
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 9 FEBRUARY 2005 TO 30 JUNE 2005

NOTE 14: CHANGE OF COMPANY NAME

On 1 June 2005 the company changed its name to Ascend Asset Management Pty Ltd.

NOTE 15: SEGMENT REPORTING

The company operates predominately in one business and geographical segment, being the provision of advice to other start up companies wishing to list on any stock exchange within Australia.

NOTE 16: EVENTS OCCURRING AFTER REPORTING DATE

On 16 September 2005 Ascend Asset Management Pty Ltd converted to a public company.

Consulting Agreements

Ascend Asset Management Ltd currently has the following consulting agreements in place:

- Finta Pty Ltd currently receives \$10,000 per month for consulting services. In addition, an amount of \$40,000 will be paid to Finta Pty Ltd upon attainment of NSX listing.
- Alice LeMessurier currently receives \$2,500 per month for consulting services.

New Share Issues

Since 30 June 2005 to the date of this report, there have been a number of new shares issued.

The company issued a total of 6,750,000 shares at \$0.01 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.

The company has also issued 976,666 shares at \$0.075 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.

Proposed NSX Listing

Ascend Asset Management Ltd is in the process of preparing a prospectus to issue 4,000,000 shares at an issue price of 15 cents with a free attaching option to raise \$600,000 with the right to accept oversubscriptions to raise an additional \$195,000.

Within seven days of the lodgement of the prospectus with the Australian Securities and Investments Commission, the company will make an application to list on the Newcastle Stock Exchange.

NOTE 17: COMPANY DETAILS

The registered office of the company is:

253 Sturt Street
ADELAIDE SA 5000

The principal place of business is:

Level 3, 14 Martin Place
SYDNEY NSW 2000

ASCEND ASSET MANAGEMENT PTY LTD

ACN 112 871 842

DIRECTORS' DECLARATION

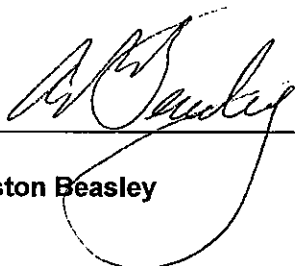
The directors of the company declare that:

- 1 the financial statements and notes, as set out on pages 2 to 11, present fairly the company's financial position as at 30 June 2005 and its performance for the year ended on that date in accordance with Accounting Standards and other mandatory professional reporting requirements;
- 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.

C 

Director
Douglas Peter LeMessurier



Director
Alan Preston Beasley

C Dated this 30th day of November 2005

ASCEND ASSET MANAGEMENT PTY LTD
ACN 112 871 842

INDEPENDENT AUDIT REPORT

To the members of Ascend Asset Management Pty Ltd:

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position as at 30 June 2005, and the statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the period 9 February 2005 to 30 June 2005 for Ascend Asset Management Pty Ltd ("the company").

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error, for the accounting policies and for the accounting estimates within the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance that the financial report is free of material misstatement. The nature of an audit is influenced by several factors including the use of professional judgment, selective testing, the inherent limitations of internal control and the availability of audit evidence which may be persuasive rather than conclusive. Accordingly, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether, in all material respects, the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

When determining the nature and extent of our procedures we considered the effectiveness of management's internal controls over financial reporting. Our audit was not designed to provide assurance in relation to internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of Ascend Asset Management Pty Ltd is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the period 9 February 2005 to 30 June 2005; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



HLB MANN JUDD STEPHENS (S.A.)
CHARTERED ACCOUNTANTS



PHIL PLUMMER
PARTNER

Adelaide, Dated this 30 Day of November 2005