

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842

COPY

ANNUAL REPORT

30 JUNE 2006

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
DIRECTORS' REPORT

Your Directors present their report on the company for the year ended 30 June 2006.

Directors

The names of Directors in Office at any time during or since the end of the year are:

Douglas Peter LeMessurier
Alan Preston Beasley
David Henry Sutton
John Hanson Boorne

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

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Paul James Mansfield, Chartered Accountant, has been a partner of MSI Tilley for 28 years, and was appointed Company Secretary on 3 November 2005.

Douglas Peter LeMessurier, Investment Adviser, was Company Secretary until his resignation on 3 November 2005. Mr LeMessurier's experience is detailed below in Information on Directors.

Principal Activities

The principal activities of the company during the year were those of a start up Listed Investment Company.

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

Operating Results

The loss of the Company for the year ended 30 June 2006 was \$141,164 (2005: \$30,802).

Dividends Paid or Recommended

There were no dividends paid or recommended to be paid.

Review of Operations

Ascend Asset Management Ltd is a start-up Listed Investment Company which will provide specialist investment and corporate services to fund a range of companies primarily from the resource and biotechnology sectors that are approaching an Initial Public Offering, and listing on any Stock Exchange in Australia. Ascend Asset Management Ltd intends to fund and groom these companies for approximately six to eighteen months as they prepare for a Stock Exchange listing.

Ascend Asset Management Ltd will apply its experience and skills in overlaying a company's management and regimes to seek an Initial Public Offering. The Company will play a proactive role to provide a culture for future listed companies through the supervision, mentoring and encouragement of companies through the listing process. Ascend Asset Management Ltd will allow companies to continue their focus on their core business, without being overly distracted by the listing process.

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
DIRECTORS' REPORT

Financial Position

The net assets of the Company have decreased by \$2,038 from \$4,198 at 30 June 2005 to \$2,160 at 30 June 2006. The decrease has resulted from the following factors:

- Share and option issues after the costs associated with those raising \$139,126.
- Ongoing operating expenditure by the Company as it prepares to list on the Newcastle Stock Exchange.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the Company occurred during the year ended 30 June 2006:

- On 12 August 2005 the company issued 3,500,000 ordinary shares at \$0.01 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- On 26 August 2005 the company issued 2,100,000 ordinary shares at \$0.01 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- On 27 September 2005 the company issued 1,150,000 ordinary shares at \$0.01 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- On 28 September 2005 the company issued 190,000 ordinary shares at \$0.075 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- On 1 November 2005 the company issued 240,000 ordinary shares at \$0.075 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- On 8 November 2005 the company issued 200,000 ordinary shares at \$0.075 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- On 23 November 2005 the company issued 346,666 ordinary shares at \$0.075 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- On 18 April 2006 the company issued 100,000 ordinary shares at \$0.01 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- On 18 April 2006 the company issued 200,000 ordinary shares at \$0.10 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.

Adoption of Australian Equivalents to IFRS

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (AIFRS), the company's financial report has been prepared in accordance with those Standards. No adjustments were required as a result of the transition from previous Australian GAAP to AIFRS.

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
DIRECTORS' REPORT

After Balance Date Events

The following significant changes in the state of affairs of the Company occurred since 30 June 2006:

- Finta Pty Ltd currently receives \$12,500 per month for consulting services under a consultancy agreement which has been extended for a further 12 months to 20 June 2007. In addition, an amount of \$40,000 will be paid to Finta Pty Ltd upon attainment of NSX listing. Finta Pty Ltd also receives a percentage of fees received by Ascend Asset Management Ltd, at a rate determined by the Directors.
- Katherine Zalunardo is currently in receipt of consulting fees from Ascend Asset Management Ltd at the rate of \$70.00 per hour, to assist with the writing and completion of the prospectus for the company. She will be issued a total of 150,000 ordinary shares and options under this agreement.
- First Avenue Investments Pty Ltd, a company controlled by D P LeMessurier, currently receives \$12,500 per month for consulting services. This agreement commenced 17 July 2006.
- The non executive directors of Ascend Asset Management Ltd will be paid directors' fees of \$5,000 per month at the discretion of the Board.
- On 18 July 2006 the company issued 200,000 ordinary shares at \$0.10 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- On 22 August 2006 the company issued 100,000 ordinary shares at \$0.10 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- On 28 August 2006 the company issued 100,000 ordinary shares at \$0.10 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- On 18 September 2006 the company issued 65,000 ordinary shares at \$0.10 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- On 19 September 2006 the company issued 85,000 ordinary shares at \$0.10 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- On 28 September 2006 the company issued 100,000 ordinary shares at \$0.10 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- On 12 October 2006 the company issued 310,000 ordinary shares at \$0.10 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- On 25 October 2006 the company issued 100,000 ordinary shares at \$0.10 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- On 27 October 2006 the company issued 650,000 ordinary shares at \$0.10 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- Ascend Asset Management Ltd is in the process of preparing a prospectus to issue 4,000,000 shares at an issue price of 25 cents with a free attaching 2015 option to raise \$1,000,000.

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.

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
DIRECTORS' REPORT

Future Developments, Prospects and Business Strategies

The Company intends to pursue opportunities that are of interest to it in its field, so it can improve value for shareholders.

Environmental Issues

The Company's operations are not subject to significant environmental regulation under the law of the Commonwealth and State.

Information on Directors

Douglas Peter LeMessurier

Qualifications - Investment Adviser
Experience - Various Company Directorships

Alan Preston Beasley

Qualifications - Bachelor of Economics, Certified Practicing Accountant
Experience - Investment Banking, Financial Services, Investment Management, Various Company Directorships

David Henry Sutton

Qualifications - Investment Adviser
Experience - Investment Banking, Financial Services, Investment Management, Various Company Directorships

John Hanson Boorne

Qualifications - Executive
Experience - Various Company Directorships

Meetings of Directors

During the period to 30 June 2006, twelve meetings of Directors (including Committees of Directors) were held. Attendances by each Director during the reporting period were:

	Number Eligible to Attend	Number Attended
D P LeMessurier	12	12
J H Boorne	12	12
D H Sutton	12	9
A P Beasley	12	12

There were no meetings held during the year by the Audit Committee, with matters of remuneration being discussed at Board level.

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
DIRECTORS' REPORT

Option Details

At the date of this report, the unissued ordinary shares of Ascend Asset Management Ltd under option are as follows:-

Grant Date	Date of Expiry	Exercise Price	Number Under Option
25/05/2005	30/06/2015	\$ 0.15	240,000
26/05/2005	30/06/2015	\$ 0.15	23,760,000
12/08/2005	30/06/2015	\$ 0.15	3,500,000
26/08/2005	30/06/2015	\$ 0.15	2,100,000
27/09/2005	30/06/2015	\$ 0.15	1,150,000
28/09/2005	30/06/2015	\$ 0.15	190,000
1/11/2005	30/06/2015	\$ 0.15	240,000
8/11/2005	30/06/2015	\$ 0.15	200,000
23/11/2005	30/06/2015	\$ 0.15	346,666
18/04/2006	30/06/2015	\$ 0.15	300,000
18/07/2006	30/06/2015	\$ 0.15	200,000
22/08/2006	30/06/2015	\$ 0.15	100,000
28/08/2006	30/06/2015	\$ 0.15	100,000
18/09/2006	30/06/2015	\$ 0.15	65,000
19/09/2006	30/06/2015	\$ 0.15	85,000
28/09/2006	30/06/2015	\$ 0.15	100,000
12/10/2006	30/06/2015	\$ 0.15	310,000
25/10/2006	30/06/2015	\$ 0.15	100,000
27/10/2006	30/06/2015	\$ 0.15	650,000
			<u>33,736,666</u>

There have been no shares issued as a result of exercise of options.

Indemnifying Officers or Auditor

During or since the end of the financial year the Company has not given any indemnity or entered into any agreement to indemnify or paid or agreed to pay any insurance premiums of Officers or the auditor.

Auditor Independence Declaration

The Auditor's Independence Declaration for the year ended 30 June 2006 has been received and can be found on page 7.

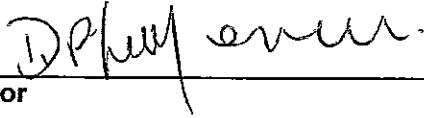
Proceedings on Behalf of Company

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.

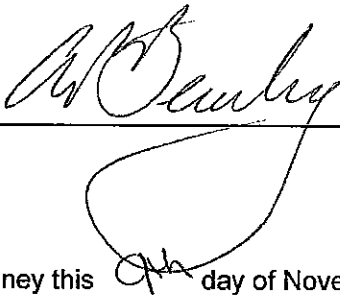
The Company was not a party to any such proceedings during the reporting period.

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
DIRECTORS' REPORT


Signed in accordance with a resolution of the Board of Directors.



Director
D P LeMessurier



Director
A P Beasley

Dated at Sydney this  day of November 2006.

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842

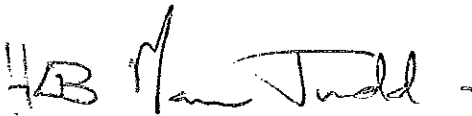
Auditor's independence declaration

**ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842**

**AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ASCEND ASSET MANAGEMENT LTD**

As lead auditor for the audit of Ascend Asset Management Ltd for the year ended 30 June 2006, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



**HLB MANN JUDD
(S.A. Partnership)
Chartered Accountants**



**PHIL PLUMMER
Partner**

**Adelaide,
9 November 2006**

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
Revenue	2	66,859	55
Accounting Fees		42,647	-
Audit Fees	3	4,375	-
Depreciation and Amortisation Expense		353	260
Employee Benefits Expense - Key Management Personnel	13	140,200	20,000
Employee Benefits Expense - Other Personnel		15,304	10,250
Other Expenses		<u>5,144</u>	<u>347</u>
Total Expenses		<u>208,023</u>	<u>30,857</u>
Loss before income tax expense		(141,164)	(30,802)
Income tax expense	1a	<u>-</u>	<u>-</u>
Net loss for the year		<u>(141,164)</u>	<u>(30,802)</u>
Basic earnings per share (cents per share)	12	<u>(0.46)</u>	<u>(1.33)</u>
Diluted earnings per share (cents per share)	12	<u>(0.46)</u>	<u>(1.33)</u>

The accompanying notes should be read in conjunction with these financial statements

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
BALANCE SHEET
AS AT 30 JUNE 2006

	Note	2006 \$	2005 \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	6,487	6,581
Trade and Other Receivables	5	<u>31,101</u>	<u>2,077</u>
TOTAL CURRENT ASSETS		<u>37,588</u>	<u>8,658</u>
NON-CURRENT ASSETS			
Property, Plant & Equipment	6	10,126	-
Other	8	<u>780</u>	<u>1,040</u>
TOTAL NON-CURRENT ASSETS		<u>10,906</u>	<u>1,040</u>
TOTAL ASSETS		<u>48,494</u>	<u>9,698</u>
CURRENT LIABILITIES			
Payables	9	<u>46,334</u>	<u>5,500</u>
TOTAL CURRENT LIABILITIES		<u>46,334</u>	<u>5,500</u>
TOTAL LIABILITIES		<u>46,334</u>	<u>5,500</u>
NET ASSETS		<u>2,160</u>	<u>4,198</u>
EQUITY			
Issued Capital	10	174,126	35,000
Retained Profits/(Accumulated Losses)		<u>(171,966)</u>	<u>(30,802)</u>
TOTAL EQUITY		<u>2,160</u>	<u>4,198</u>

The accompanying notes should be read in conjunction with these financial statements

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006

	Note	Share Capital	Accumulated Losses	Total
Balance at 1 July 2004		-	-	-
Shares issued during the year	10	35,000	-	35,000
Net loss for the year		<u>-</u>	<u>(30,802)</u>	<u>(30,802)</u>
Balance at 30 June 2005		<u>35,000</u>	<u>(30,802)</u>	<u>4,198</u>

		Share Capital	Accumulated Losses	Total
Balance at 1 July 2005		35,000	(30,802)	4,198
Shares issued during the year	10	146,750	-	146,750
Share issue costs		(7,624)	-	(7,624)
Net loss for the year		<u>-</u>	<u>(141,164)</u>	<u>(141,164)</u>
Balance at 30 June 2006		<u>174,126</u>	<u>(171,966)</u>	<u>2,160</u>

The accompanying notes should be read in conjunction with these financial statements

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		39,139	-
Payments to Suppliers and Employees		(168,929)	(28,474)
Interest Received		<u>789</u>	<u>55</u>
Net cash provided by (used in) operating activities	12	<u>(129,001)</u>	<u>(28,419)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Plant		<u>(10,219)</u>	<u>-</u>
Net cash provided by (used in) investing activities		<u>(10,219)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share applications	10	146,750	35,000
Capital Raising Costs		<u>(7,624)</u>	<u>-</u>
Net cash provided by (used in) financing activities		<u>139,126</u>	<u>35,000</u>
Net increase/(decrease) in cash and cash equivalents		<u>(94)</u>	<u>6,581</u>
Cash and cash equivalents at 1 July 2005		<u>6,581</u>	<u>-</u>
Cash and cash equivalents at 30 June 2006	4	<u><u>6,487</u></u>	<u><u>6,581</u></u>

The accompanying notes should be read in conjunction with these financial statements

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

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 Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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

Ascend Asset Management Ltd has prepared financial statements in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005, and complies with those Standards in their entirety.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments resulting from the introduction of AIFRS are to be applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 are to be applied. The accounts are the first financial statements of Ascend Asset Management Ltd to be prepared in accordance with AIFRS.

No retrospective changes to 2005 figures have been required following the transition from previous Australian GAAP to AIFRS.

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 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 sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 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 income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets in relation to tax losses have not been brought to account due to the uncertainty of the probability that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income 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.

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

b 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.

Plant and Equipment

Plant and Equipment are measured on the cost basis less depreciation.

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	66%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

c Cash and cash equivalents

Cash and cash equivalents includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

d 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 LTD
ACN 112 871 842
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

e 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 Balance Sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of financing activities, which are disclosed as operating cash flows.

f Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible 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 the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g Critical Accounting Estimates and Judgments

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 are based on current trends and economic data, obtained both externally and within the company.

Key Estimates - Impairment

The company assess impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

h Comparative Figures

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

i Going Concern

The deficiency of current assets over current liabilities at 30 June 2006 was \$8,746 and the deficiency of current assets over current liabilities at 30 September 2006 was \$94,982. At 30 September 2006 the deficiency of total assets over total liabilities was \$84,138. Notwithstanding that information, the financial report has been prepared on a going concern basis. This basis has been adopted because:

- The company's directors have committed to complete a capital raising of \$1,000,000 by the end of December 2006.

It is the belief of the directors of the company that the capital raising will improve cash flow and allow the company to meet its liabilities.

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
NOTE 2: REVENUE		
Operating Activities		
Services Rendered	66,070	-
Interest Received	789	55
	<u>66,859</u>	<u>55</u>
Total Revenue	<u><u>66,859</u></u>	<u><u>55</u></u>

NOTE 3: AUDITORS' REMUNERATION

The auditors of Ascend Asset Management Ltd is HLB Mann Judd.

Amounts received or due and receivable by HLB Mann Judd for:

An audit or review of the financial report of the entity	4,375	-
	<u>4,375</u>	<u>-</u>
Total Auditors' Remuneration	<u><u>4,375</u></u>	<u><u>-</u></u>

NOTE 4: CASH AND CASH EQUIVALENTS

Cash at Bank and on hand	6,487	6,581
	<u>6,487</u>	<u>6,581</u>

Reconciliation of Cash

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

Cash at Bank	6,487	6,581
	<u>6,487</u>	<u>6,581</u>

NOTE 5: TRADE AND OTHER RECEIVABLES

CURRENT		
Trade Debtors	26,917	-
GST Refundable	4,143	2,050
Sundry Debtor	41	27
	<u>31,101</u>	<u>2,077</u>
Total Receivables	<u><u>31,101</u></u>	<u><u>2,077</u></u>

NOTE 6: PROPERTY, PLANT & EQUIPMENT

Plant and Equipment at Cost	10,219	-
Less: Accumulated Depreciation	(93)	-
	<u>10,126</u>	<u>-</u>
Total Non-Current Assets Other	<u><u>10,126</u></u>	<u><u>-</u></u>

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
NOTE 7: INCOME TAX		
a The prima facie tax on losses before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on losses from before income tax at 30%	(42,349)	(9,241)
Add:		
Tax effect of:		
Permanent Differences		
Non deductible expenses	120	-
	<u>120</u>	<u>-</u>
Income tax attributable to the company	<u><u>(42,229)</u></u>	<u><u>(9,241)</u></u>
b Deferred Tax Asset		
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in note 1(a) occur:		
Temporary differences		
- Capital raising costs	1,830	-
- Changes to Company Structure	15	-
Tax Loss		
- Operating losses	42,229	9,241
	<u><u>44,074</u></u>	<u><u>9,241</u></u>
c Reconciliations		
(i) Gross movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	9,241	-
(Charge)/credit to income statement	42,244	9,241
(Charge)/credit to equity	1,830	-
Closing balance	<u><u>53,315</u></u>	<u><u>9,241</u></u>
(ii) Deferred Tax Assets		
The movements in deferred tax asset for each temporary difference during the year:		
Capital Raising Costs		
Opening balance	-	-
(Charge)/credit to equity	1,830	-
Closing balance	<u><u>1,830</u></u>	<u><u>-</u></u>

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
NOTE 7: INCOME TAX (cont.)		
Changes to Company Structure		
Opening balance	-	-
(Charge)/credit to income statement	15	-
Closing balance	<u>15</u>	<u>-</u>
d Deferred tax assets not brought to account the benefits of which will only be realised if the conditions of deductibility set out in note 1(a) occur:		
Temporary differences		
- Capital raising costs	1,830	-
- Changes to Company Structure	15	-
Tax losses	<u>51,470</u>	<u>9,241</u>
	<u>53,315</u>	<u>9,241</u>
NOTE 8: NON-CURRENT ASSETS - OTHER		
Formation Expenses at Cost	1,300	1,300
Less: Accumulated Amortisation	<u>(520)</u>	<u>(260)</u>
Total Non-Current Assets Other	<u>780</u>	<u>1,040</u>
NOTE 9: PAYABLES		
CURRENT		
Amounts Payable to Key Management Personnel and Related Entities	21,648	5,500
Sundry Payables	<u>24,686</u>	<u>-</u>
	<u>46,334</u>	<u>5,500</u>
Total Payables	<u>46,334</u>	<u>5,500</u>
NOTE 10: ISSUED CAPITAL		
Issued and paid up capital		
32,026,666 ordinary shares fully paid (2005: 24,000,000)	161,750	-
Share subscription monies received for shares issued after balance date	20,000	35,000
Less: Share Issue Costs	<u>(7,624)</u>	<u>-</u>
	<u>174,126</u>	<u>35,000</u>

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
NOTE 10: ISSUED CAPITAL (cont.)		
Ordinary Shares		
At the beginning of the reporting period	24,000,000	-
Shares issued during the year		
for nil consideration	-	240,000
99 bonus shares issued for every 1 fully paid share	-	23,760,000
for 1 cent per share	6,850,000	-
for 7.5 cents per share	976,666	-
for 10 cents per share	200,000	-
Total shares on issue at reporting date	<u>32,026,666</u>	<u>24,000,000</u>

200,000 ordinary shares (fully paid at \$0.10) were issued on 18 July 2006 from funds received prior to 30 June 2006. This would take the total number of shares on issue to 32,226,666.

Each option entitles the holder to subscribe for one ordinary share in the capital of the company. The company has on issue 32,026,666 options (2005: 24,000,000). These options have an exercise price of \$0.15 and may be exercised in whole or in 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 11: CASH FLOW INFORMATION

**Reconciliation of Cash Flow from
Operations with Profit/(Loss) after Income
Tax**

Loss after income tax	(141,164)	(30,802)
Non-cash flows in loss		
Amortisation and Depreciation	353	260
(Increase) in Receivables	(29,024)	(2,077)
(Increase) in Formation Expenses	-	(1,300)
Increase in Payables	40,834	5,500
Cash flow from/(used in) operations	<u>(129,001)</u>	<u>(28,419)</u>

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
NOTE 12: EARNINGS PER SHARE		
Reconciliation of Earnings to Net Loss		
Net Loss	<u>(141,164)</u>	<u>(30,802)</u>
Earnings used in the calculation of basic earnings per share	<u>(141,164)</u>	<u>(30,802)</u>
Earnings used in the calculation of diluted earnings per share	<u>(141,164)</u>	<u>(30,802)</u>
Weighted average number of ordinary shares outstanding at 30 June 2006 used in the calculation of basic earnings per share	<u>30,427,150</u>	<u>2,312,959</u>
Weighted average number of ordinary shares outstanding at 30 June 2006 used in the calculation of diluted earnings per share	<u>30,427,150</u>	<u>2,312,959</u>
Weighted average number of ordinary shares outstanding at 30 June 2006 used in the calculation of basic earnings per share	<u>30,427,150</u>	<u>2,312,959</u>
Potential ordinary shares arising from options issued:		
Movements of weighted average number of options due to:		
- Options issued on shares issued	<u>30,427,150</u>	<u>2,312,959</u>
Weighted average number of potential ordinary shares	<u>30,427,150</u>	<u>2,312,959</u>
Weighted average number of potential ordinary shares that could potentially dilute basic earnings per share in future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the period presented.	<u>(30,427,150)</u>	<u>(2,312,959)</u>
Weighted average number of ordinary shares outstanding at 30 June 2006 used in the calculation of diluted earnings per share	<u>30,427,150</u>	<u>2,312,959</u>

The options over ordinary shares on issue by the company have not been included in the calculation of diluted earnings per share because they are antidilutive. The options are considered antidilutive because their conversion would decrease the loss per share and the exercise price of 20 cents exceeds the current market price.

Since reporting date the company has issued 1,710,000 shares (2005: 7,726,666) and 1,710,000 class C options (2005: 7,726,666) which would have impacted on the number of ordinary shares if these transactions had occurred before the end of the reporting period.

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 13: DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

Names and positions held in Ascend Asset Management Ltd by key management personnel in office at any time during the financial year are:

Key Management Person	Position	
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

Compensation Practices

The only compensation provided by Ascend Asset Management Ltd to key management is via Finta Pty Ltd, a company controlled by A P Beasley. Finta Pty Ltd was contracted during the year to provide consulting services to the company. The contract is reviewed and amended as necessary on the first day of each new financial year.

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

2006 Key Management Personnel Compensation

	Short-term Benefits				Post-employment Benefits
	Cash, Salary, Commissions	Cash Profit Share	Non-cash Benefit	Other	Super-annuation
Mr D P LeMessurier	-	-	-	-	-
Mr A P Beasley	140,200	-	-	-	-
Mr D H Sutton	-	-	-	-	-
Mr J H Boorne	-	-	-	-	-
	<u>140,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2005 Key Management Personnel Compensation

	Short-term Benefits				Post-employment Benefits
	Cash, Salary, Commissions	Cash Profit Share	Non-cash Benefit	Other	Super-annuation
Mr D P LeMessurier	-	-	-	-	-
Mr A P Beasley	20,000	-	-	-	-
Mr D H Sutton	-	-	-	-	-
Mr J H Boorne	-	-	-	-	-
	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 13: DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES (cont)

Number of Shares held by Key Management Personnel

	Balance 1 July 2005	Received as Compensation	Options Exercised	Net Change Other*	Balance 30 June 2006
Mr D P LeMessurier	7,750,000	-	-	566,666	8,316,666
Mr A P Beasley	4,000,000	-	-	-	4,000,000
Mr D H Sutton	4,000,000	-	-	100,000	4,100,000
Mr J H Boorne	4,000,000	-	-	500,000	4,500,000
	<u>19,750,000</u>	<u>-</u>	<u>-</u>	<u>1,166,666</u>	<u>20,916,666</u>

* Net Change Other refers to shares purchased or sold during the year. 1,100,000 shares issued to Directors and their related entities were issued for 1 cent per share. The balance of shares issued during the year were issued for 7.5 cents per share. No shares were disposed by Directors during the year.

Number of Options Held by Key Management Personnel

	Balance 1 July 2005	Granted as Compensation	Options Exercised	Net Change Other*	Balance 30 June 2006
Mr D P LeMessurier	7,750,000	-	-	566,666	8,316,666
Mr A P Beasley	4,000,000	-	-	-	4,000,000
Mr D H Sutton	4,000,000	-	-	100,000	4,100,000
Mr J H Boorne	4,000,000	-	-	500,000	4,500,000
	<u>19,750,000</u>	<u>-</u>	<u>-</u>	<u>1,166,666</u>	<u>20,916,666</u>

* Net Change Other refers to those shares granted at the time of acquiring a fully paid ordinary share in the company.

Options Held by Key Management Personnel - Further Details

	Balance 30 June 2006	Total Vested 30 June 2006	Total Exercisable 30 June 2006	Total Unexercisable 30 June 2006
Mr D P LeMessurier	8,316,666	-	-	8,316,666
Mr A P Beasley	4,000,000	-	-	4,000,000
Mr D H Sutton	4,100,000	-	-	4,100,000
Mr J H Boorne	4,500,000	-	-	4,500,000
	<u>20,916,666</u>	<u>-</u>	<u>-</u>	<u>20,916,666</u>

No share options were disposed of by Directors or their related entities during the 2006 financial year.

All 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.

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 14: CONTINGENT LIABILITIES

Under the terms of an employment agreement commencing 22 May 2006, Ascend Asset Management Ltd is to issue 50,000 shares to the relevant employee (or their nominee) provided satisfactory progress is made during the first three months' service. In addition, a further 50,000 shares will be issued to the employee (or their nominee) following satisfactory performance during the first twelve months' service.

The Directors have determined that the shares expected to be issued are currently valued at \$0.10 cents per share.

The total value of shares expected to be issued to the employee (or their nominee) following satisfactory performance, as determined by the Board of Directors, is currently valued at \$10,000.

NOTE 15: RELATED PARTY TRANSACTIONS

Other Related Parties Transactions with the Company

Consulting Agreements

Alice LeMessurier was engaged to provide consulting services during the year. She is the daughter of D P LeMessurier and was paid \$5,000 (2005: \$10,200).

Amounts owing to Key Management Personnel and Related Entities are paid on normal commercial terms, which are no more favourable than what would have arisen had the dealings been at arm's length with a related person.

No interest was charged by Key Management Personnel and Related Entities on overdue accounts.

NOTE 16: 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 5%.

NOTE 17: CHANGE OF COMPANY STRUCTURE

On 16 September 2005 the company converted to a public company. The company is now known as Ascend Asset Management Ltd.

NOTE 18: 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.

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

NOTE 19: EVENTS OCCURRING AFTER REPORTING DATE

Consulting Agreements

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

- Finta Pty Ltd currently receives \$12,500 per month for consulting services under a consultancy agreement which has been extended for a further 12 months to 20 June 2007. In addition, an amount of \$40,000 will be paid to Finta Pty Ltd upon attainment of NSX listing. Finta Pty Ltd also receives a percentage of fees received by Ascend Asset Management Ltd, at a rate determined by the Directors.
- Katherine Zalunardo is currently in receipt of consulting fees from Ascend Asset Management Ltd at the rate of \$70.00 per hour, to assist with the writing and completion of the prospectus for the company. She will be issued a total of 150,000 ordinary shares and options under this agreement.
- First Avenue Investments Pty Ltd, a company controlled by D P LeMessurier, currently receives \$12,500 per month for consulting services. This agreement commenced 17 July 2006.
- The non executive directors of Ascend Asset Management Ltd will be paid directors' fees of \$5,000 per month at the discretion of the Board.

New Share Issues

Since 30 June 2006 to the date of this report, the following new share issues have occurred:

The company issued a total of 1,710,000 shares at \$0.10 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 25 cents with a free attaching 2015 option to raise \$1,000,000.

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 20: COMPANY DETAILS

The registered office of the company is:

253 Sturt Street
ADELAIDE SA 5000

The principal place of business is:

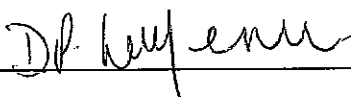
Level 12, 280 George Street
SYDNEY NSW 2000

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842
DIRECTORS' DECLARATION

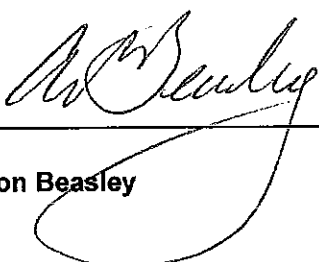
The directors of the company declare that:

- 1 the financial statements and notes, as set out on pages 8 to 23, are in accordance with the Corporations Act 2001 and:
 - a comply with Accounting Standards and the Corporations Regulations 2001; and
 - b give a true and fair view of the financial position as at 30 June 2006 and of the performance for the year ended on that date of the company;
- 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, as in accordance with Note 1(i) to the financial statements, the directors believe that future capital raising will be completed by the end of December 2006.

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



Director
Douglas Peter LeMessurier



Director
Alan Preston Beasley

Dated this 9th day of NOVEMBER 2006

ASCEND ASSET MANAGEMENT LTD
ACN 112 871 842

INDEPENDENT AUDIT REPORT

To the members of Ascend Asset Management Ltd:

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet as at 30 June 2006, and the income statement, cash flow statement, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for the year ended 30 June 2006 for Ascend Asset Management 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, changes in equity 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.

The Directors' Report attached to the financial statements includes a copy of the Independence Declaration dated 9 November 2006 given to the Directors by the lead auditor for the audit.

Audit opinion

In our opinion, the financial report of Ascend Asset Management 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 2006 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Inherent Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in Note 1 to the financial statements, Ascend Asset Management Ltd. had a deficiency of current assets over current liabilities of \$8,746 at 30 June 2006, a deficiency of current assets over current liabilities of \$94,982 at 30 September 2006 and a deficiency of total assets over total liabilities of \$84,138 at 30 September 2006. Notwithstanding this the financial report has been prepared on a going concern basis. The company's directors have committed to complete a capital raising of \$1,000,000 by the end of December 2006 as detailed in Notes 1 and 19. The company's directors believe that the capital raising will improve cash flow and allow the company to meet its liabilities. In the absence of sufficient appropriate audit evidence to corroborate the financial implications of these events, there is still significant uncertainty that the company will be able to pay its debts as and when they become due and payable and continue as a going concern.

HLB MANN JUDD
(S.A. Partnership)
Chartered Accountants

Adelaide, 9 November 2006

PHIL PLUMMER
Partner