

2007

ANNUAL
REPORT

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Corporate Directory

Directors

Douglas Peter LeMessurier
Alan Preston Beasley
William Cheng Wang
David Henty Sutton
John Hanson Boorne

Auditors

Duncan Dovico Chartered Accountants
Level 4
5-9 Harbourview Crescent
Milson Point
NSW 2061
AUSTRALIA

Company Secretary

Michael Derin

Registered Office

Level 12
280 George Street
Sydney
NSW 2000
AUSTRALIA



Directors



**Douglas Peter
LeMessurier**
(Executive Chairman)



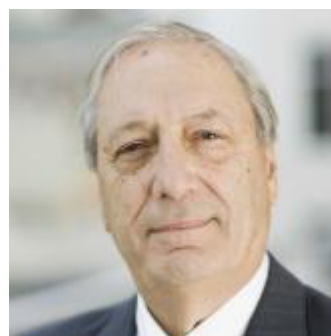
**Alan Preston
Beasley**
(Managing Director)



William Cheng Wang
(Executive Director)



David Henty Sutton
(Non-Executive Director)



John Hanson Boorne AM
(Non-Executive Director)

Directors Report

The directors present their report on the company and its controlling entities for the financial year ended 30 June 2007.

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
William Cheng Wang
David Henty 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:

Michael Derin, Chartered Accountant, was appointed Company Secretary on 21 November 2006.

Paul James Mansfield, Chartered Accountant, was Company Secretary until his resignation on 22 November 2006.

Principal Activities

The principal activities of the consolidated group during the year were :

- An Investment Management Business

The following significant changes in the nature of the principal activities occurred during the financial year:

The company was granted an Australian Financial Services License on 24 April 2007 by the Australian Securities & Investments Commission ("AFSL") (License No. 307706). The license authorises the Company to carry on a financial services business to:

- provide general financial product advice only, for the following classes of financial products:
 - i) deposit and payment products
 - ii) derivatives
 - iii) foreign exchange contracts
 - iv) debentures, stocks or bonds issued or proposed to be issued by a government
 - v) interests in managed investment schemes
 - vi) securities
- deal in a financial product by:
 - applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of ii) to vi) above.

Operating Results

The loss of the Company for the year ended 30 June 2007 was \$531,807 (2006: \$141,164).

Dividends Paid or Recommended

There were no dividends paid or recommended to be paid.

Review of Operations

Investment Management Business

Ascend Asset Management Ltd is a start-up Investment Company which provides 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.

Directors Report continued

Investment Management Business (Cont)

The Directors of Ascend Asset Management Ltd are in the final stages of establishing the Ascend Escalation Fund to meet market demand for a pooled investment vehicle which provides both income and capital growth. The intention of the The Ascend Escalation Fund is to provide investors with the opportunity to invest in assets that provide a strong risk/return outcome over the longer term. Ascend Asset Management has appointed an Investment Committee for the Ascend Escalation Fund and all Product Disclosure Statements, Trust Deeds, Investment Management Agreements and other required documentation are in the final stages of being prepared. The Ascend Escalation Fund is in the process of being launched now that the proposed new structure of Ascend Asset Management Ltd has been approved at the shareholders meeting on 26 September 2007. See Subsequent Events note for more detail.

Financial Position

The net assets of the Company have increased by \$874,822 from \$2,160 at 30 June 2006 to \$876,982 at 30 June 2007. This increase has resulted from the following factors:

- Increase in cash brought about by the issuance of additional shares of stock amounting to \$1,154,250 and the increase in revenues earned during the financial year.
- Increase in Due from Related Parties amounting to \$270,091 representing amounts advanced by the Company for the set up of different companies, these receivables will be collected when the entities start their operating activities.
- Receipt of shares and options from various customer companies. The shares were classified under Available-For-Sale which were then revalued at market price or fair value at year end, unless otherwise stated.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

On 24 May 2007 the Directors resolved to establish an investment committee to assist the board to:

- to develop an appropriate investment strategy and mandate ("Investment Strategy") for each of the Funds;
- to ensure the assets of the Funds are invested in accordance with the Investment Strategy;
- to periodically review the Investment Strategy for each of the Funds in light of the Fund's financial performance and to provide appropriate advice to the Board;
- adopt the Investment Committee Charter; and
- appoint the following representatives to the Investment Committee for a term of a year:
 - Douglas Peter LeMessurier
 - David Henty Sutton
 - Alan Preston Beasley
 - William Cheng Wang
 - Alice Mary LeMessurier
 - Alexander Clive Ralph Scriven

Subsequent Events

The following significant changes in the state of affairs of the Company occurred since 30 June 2007:

- The Directors resolved on 19 July 2007 that the Company would act as investment manager, and Columbus Investment Management Services Limited ("Columbus") as the responsible entity, of a registered scheme to be called the Ascend Escalation Fund.
- The Ascend Escalation Fund ("Fund") will offer investors the opportunity to invest, through the Fund, in three sub-funds which would each invest in a different class of assets. The fund would be divided into four classes of units, with each class of units corresponding to one of the sub-funds. The sub-funds would be as follows:
 - The Ascend Seed Capital Fund;
 - The Ascend China Growth Fund; and
 - The Ascend Small Resources Fund.

Directors Report continued

Subsequent Events (cont)

- The Company wishes to undertake a restructure whereby Ascend Group Limited ACN 114 162 631 ("AGL") will be interposed as a new holding company above the Company ("Restructure"). AGL is a "shell" company registered in New South Wales that has been acquired for the purpose of effecting the Restructure.
- It is intended that, following the Restructure, new subsidiaries will be introduced beneath AGL to operate the new service lines. The Company will continue to operate the existing investment management business under the AFSL as a wholly owned subsidiary of AGL.
- It is proposed to effect the Restructure by the existing shareholders of the Company ("Members") transferring their shares and options to AGL, so that AGL owns all of the shares, and all options over shares, issued by the Company.
- As consideration for the transfer of shares and options in the Company by the Members to AGL, the Members will be issued a proportionate number of shares and options in AGL. This will mean that, after the Restructure, each Member will hold the same percentage equity interest in AGL that the Member held in the Company before the Restructure.
- At the General Meeting of Members held on 26 September 2007 the Members approved the following resolutions in order to approve and implement the Restructure:
 - an ordinary resolution approving the acquisition by AGL of all the shares in Ascend Asset Management Ltd ; and
 - a special resolution approving amendments to the parent company's constitution authorising the parent company to act as attorney for the Members in the transfer of the Members' shares and options to AGL.
- The company issued a total of 1,736,000 shares at \$0.25 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.
- On 19 July 2007 the board of directors has approved the issuance of 6,800,000 unlisted options to officers and employees with an expiry date of 31 December 2017 and exercise price of 30 cents per share and may not be exercised for 2 years from the date of the option certificate.
- On 19 July 2007 the board of directors also approved the issuance of 6,500,000 unlisted options to officers and employees with an expiry date of 31 December 2017 and exercise price of 40 cents per share and may not be exercised for 2 years from the date of the option certificate.
- 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. During the year, no directors' fees have been paid.
- Ascend Asset Management Ltd has prepared an Information Memorandum and has raised all necessary funds to list on the Newcastle Stock Exchange. On 19 July 2007, Ascend Asset Management Ltd made a formal application to the Newcastle Stock Exchange and now that the new proposed structure has been approved at the shareholders meeting on 26th September 2007 Ascend Asset Management Ltd will continue to work with the Newcastle Stock Exchange to list under the new proposed structure disclosed above.

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. For further detail refer to Subsequent Events note.

Environmental Issues

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

Directors Report continued

Information on Directors

Douglas Peter LeMessurier (Executive Chairman)

- Qualifications - Investment Adviser
Experience - Various Company Directorships

Alan Preston Beasley (Managing Director)

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

William Cheng Wang (Executive Director)

- Qualifications - Executive
Experience - Various Company Directorships

David Henty Sutton (Non Executive Director)

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

John Hanson Boorne (Non Executive Director)

- Qualifications - Executive
Experience - Various Company Directorships

Details of Remuneration of Directors

The remuneration received by each director during the year was as follows:

	Short-term Benefits			Post-employment Benefits		
	Cash, Salary, Commissions	Cash Profit Share	Non-cash Benefit	Other	Super-annuation	Total
	\$	\$	\$	\$	\$	\$
Mr D P LeMessurier	171,825	-	-	-	-	171,825
Mr A P Beasley	336,001	-	-	-	-	336,001
Mr D H Sutton	-	-	-	-	-	-
Mr J H Boorne	-	-	-	-	-	-
Mr W C Wang	25,000	-	850	-	-	25,850
	532,826	-	850	-	-	533,676

Meetings of Directors

During the period to 30 June 2007, three 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	3	3
J H Boorne	3	3
D H Sutton	3	3
A P Beasley	3	3
WC Wang	1	1

Directors Report continued

Option Details (continued)

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
01/11/2005	30/06/2015	\$ 0.15	240,000
08/11/2005	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	450,000
30/10/2006	30/06/2015	\$ 0.15	200,000
27/11/2006	30/06/2015	\$ 0.15	300,000
22/12/2006	30/06/2015	\$ 0.15	100,000
10/01/2007	30/06/2015	\$ 0.15	250,000
22/01/2007	30/06/2015	\$ 0.15	100,000
08/02/2007	30/06/2015	\$ 0.15	20,000
13/02/2007	30/06/2015	\$ 0.15	20,000
15/02/2007	30/06/2015	\$ 0.15	208,000
26/02/2007	30/06/2015	\$ 0.15	160,000
12/03/2007	30/06/2015	\$ 0.15	500,000
19/03/2007	30/06/2015	\$ 0.15	100,000
20/03/2007	30/06/2015	\$ 0.15	500,000
28/03/2007	30/06/2015	\$ 0.15	400,000
11/04/2007	30/06/2015	\$ 0.15	12,000
13/04/2007	30/06/2015	\$ 0.15	150,000
10/05/2007	30/06/2015	\$ 0.15	20,000
17/05/2007	30/06/2015	\$ 0.15	120,000
18/05/2007	30/06/2015	\$ 0.15	40,000
31/05/2007	30/06/2015	\$ 0.15	120,000
01/06/2007	30/06/2015	\$ 0.15	420,000
07/06/2007	30/06/2015	\$ 0.15	120,000
15/06/2007	30/06/2015	\$ 0.15	110,000
20/06/2007	30/06/2015	\$ 0.15	68,000
21/06/2007	30/06/2015	\$ 0.15	40,000
22/06/2007	30/06/2015	\$ 0.15	40,000
26/06/2007	30/06/2015	\$ 0.15	210,000
27/06/2007	30/06/2015	\$ 0.15	140,000
29/06/2007	30/06/2015	\$ 0.15	680,000
			<u>38,684,666</u>

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

Directors Report continued

Indemnifying Officers or Auditor

During the financial year Ascend Asset Management Ltd entered into agreements to indemnify Mr Douglas Peter LeMessurier, Mr Alan Preston Beasley, Mr William Chang Wang, Mr David Henry Sutton and Mr John Hanson Boorne, against any liability incurred by the Director in his capacity as a director of an entity within the Ascend Group to the extent that Ascend Asset Management Ltd is not precluded from so indemnifying the Director by the Law as in force from time to time or the law generally. The agreement provides for Ascend Asset Management Ltd to pay all damages and costs which may be awarded against those indemnified.

Auditor Independence Declaration

The Auditor's Independence Declaration for the year ended 30 June 2007 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.

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



Chairman of the Board of Directors
Douglas Peter LeMessurier

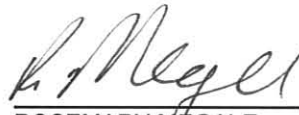
Dated this 17th day of October 2007.

AUDITORS' INDEPENDENCE DECLARATION

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 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.


DUNCAN DOVICO
Chartered Accountants


ROSEMARY MEGALE
Partner

Sydney, 17th October 2007

Income Statements for the year ended 30 June 2007

	Note	2007 \$	2006 \$
Revenue	2	444,817	66,859
Cost of Sales		(278,848)	-
Gross Profit		165,969	66,859
Other Income	9	(1,200)	-
Depreciation and Amortisation Expense		5,468	353
Other Expenses	3	662,458	207,670
Bad and doubtful debts	4	30,140	-
Impairment of Available-for-Sale investment	5	910	-
Total Expenses		697,776	208,023
Loss before income tax expense		(531,807)	(141,164)
Income tax expense		-	-
Net loss for the year		(531,807)	(141,164)
Basic earnings per share (\$ per share)	18	(0.0163)	(0.0046)
Diluted earnings per share (\$ per share)	18	(0.0081)	(0.0046)

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

Balance Sheet as at 30 June 2007

	Notes	2007 \$	2006 \$
CURRENT ASSETS			
Cash and Cash Equivalents	6	385,007	6,487
Trade and Other Receivables	7	492,649	31,101
Held for Trading Assets	8	1,000	-
TOTAL CURRENT ASSETS		878,656	37,588
NON-CURRENT ASSETS			
Financial Assets	9	318,603	-
Property, Plant & Equipment	10	18,196	10,126
Intangible Assets	11	27,978	-
Other	12	-	780
TOTAL NON-CURRENT ASSETS		364,777	10,906
TOTAL ASSETS		1,243,433	48,494
CURRENT LIABILITIES			
Payables	14	333,297	46,334
Provision for Doubtful Debts	4	33,154	-
TOTAL CURRENT LIABILITIES		366,451	46,334
TOTAL LIABILITIES		366,451	46,334
NET ASSETS		876,982	2,160
EQUITY			
Issued Capital	15	1,291,596	174,126
Options Reserve	16	15,375	-
Revaluation Reserve	9	273,784	-
Retained Profits/(Accumulated Losses)		(703,773)	(171,966)
TOTAL EQUITY		876,982	2,160

The accompanying notes should be read conjunction with these financial statements

Statement of changes in equity for the year ended 30 June 007

	Notes	Share Capital \$	Capital Raising Costs \$	Option Reserve	Revaluation Reserve \$	Accumulated Losses \$	Total \$
Balance at 30 June 2005		35,000	-	-	-	(30,802)	4,198
Shares issued during the year	15 (a)	146,750	-	-	-	-	146,750
Capital raising costs		-	(7,624)	-	-	-	(7,624)
Net loss for the year		-	-	-	-	(141,164)	(141,164)
Balance at 30 June 2006	15 (a)	181,750	(7,624)	-	-	(171,966)	2,160
Shares issued during the year	15 (a)	1,198,000	-	-	-	-	1,198,000
Capital Raising Costs		-	(80,530)	-	-	-	(80,530)
Options Issued	16	-	-	15,375	-	-	15,375
Fair value adjustment		-	-	-	273,784	-	273,784
Net loss for the year		-	-	-	-	(531,807)	(531,807)
Balance at 30 June 2007	15 (a)	1,379,750	(88,154)	15,375	273,784	(703,773)	876,982

The accompanying notes should be read conjunction with these financial statements

Cash Flow Statement for the year ended 30 June 2007

	Note	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		268,427	39,139
Payments to Suppliers and Employees		(637,478)	(168,929)
Interest Received	2	1,089	789
Net cash provided by (used in) operating activities	17	<u>(367,962)</u>	<u>(129,001)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	10	(12,758)	(10,219)
Acquisition of Financial Assets		(1,411)	-
Due from Related Parties	7	(270,091)	-
Increase in Intangible Assets	11	(27,978)	-
Other receivable	7	(15,000)	-
Net cash used in investing activities		<u>(327,238)</u>	<u>(10,219)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share applications	15	1,154,250	146,750
Capital Raising Costs	15	(80,530)	(7,624)
Net cash provided by (used in) financing activities		<u>1,073,720</u>	<u>139,126</u>
Net increase/(decrease) in cash and cash equivalents		378,520	(94)
Cash and cash equivalents at 1 July 2006		<u>6,487</u>	<u>6,581</u>
Cash and cash equivalents at 30 June 2007	6	<u>385,007</u>	<u>6,487</u>

The accompanying notes should be read conjunction with these financial statements

Notes to the financial statements for the year ended 30 June 2007

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.

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.

b Property and Equipment

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

Plant and Equipment

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	18.7% - 33%

Notes to the financial statements for the year ended 30 June 2007

Depreciation(cont)

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).

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 Financial Instruments

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.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Held-to-maturity Investments

These investments have fixed maturities. Any held to maturity investments are stated at amortised cost using the effective interest rate method. During the year ended 30 June 2007 the group does not hold any of these investments.

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.

Notes to the financial statements for the year ended 30 June 2007

Fair Value

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

Impairment

At each reporting date, the group 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 the income statement.

g 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.

h Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Equity-settled compensation

The parent company operates a share-based compensation plan. These include both a share option arrangement and an employee share scheme. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

i 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.

j Comparative Figures

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

k Going Concern

Although the company is still operating at a loss position, its balance sheet has shown improvement as compared with prior year. The issuance of additional shares of stock to third parties amounting to almost \$1.2M has brought in fresh capital to sustain the cash flow requirements of the operations. Because of this, the company's financial statements has been prepared on a going concern basis.

Notes to the financial statements for the year ended 30 June 2007

	Notes	2007 \$	2006 \$
NOTE 2: REVENUE			
Operating Activities			
Services Rendered		443,728	66,070
Interest Received		1,089	789
Total Revenue		444,817	66,859

NOTE 3: OTHER EXPENSES

(a)	Auditors' Remuneration		
	Remuneration of the auditor for:		
	An audit or review of the financial report of the entity	8,950	4,375
	Total Auditors' Remuneration	8,950	4,375
(b)	Employee benefits expense		
	(i) Employee Benefits Expense - Key Management Personnel	19 246,288	140,200
	(ii) Employee Benefits Expense - Other Personnel	121,714	15,304
	(iii) Share based payments	22 61,675	-
	Total Employee benefits expense	429,677	155,504
(c)	Other		
	Accounting Fees	62,785	42,647
	Advertising	6,192	-
	Legal Fees	8,798	-
	Rent	40,877	2,000
	Travel and Accommodation	54,269	537
	Other Expenses	50,910	2,607
		223,831	47,791
	Total Other Expenses	662,458	207,670

NOTE 4: BAD AND DOUBTFUL DEBTS

Balance at beginning of period	-	-
Provision for trade receivables	30,140	-
Balance at the end of the period	30,140	

During the year Ascend Asset Management Ltd raised capital for Industrial Buildings Industries Ltd for which it is owed shares and cash to the value of \$30,140. Industrial Buildings Industries Ltd went into Administration on 2/10/2007 and as such a full provision has been made against the amounts owing of \$33,154 (including GST).

NOTE 5: IMPAIRMENT OF AVAILABLE-FOR-SALE INVESTMENT

Balance at beginning of period	-	-
Impairment during the period	910	-
Balance at the end of the period	910	

During the year Ascend Asset Management Ltd purchased 259,104 shares in Industrial Buildings Industries Ltd for \$910.40. Industrial Buildings Industries Ltd went into Administration on 2/10/2007 and as such the impaired amount has been recognised in the profit and loss account.

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at Bank and on hand	385,007	6,487
	385,007	6,487
Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of cash flows is	385,007	6,487
Cash at Bank	385,007	6,487

Notes to the financial statements for the year ended 30 June 2007

NOTE 7: TRADE AND OTHER RECEIVABLES

	2007 \$	2006 \$
CURRENT		
Trade Debtors	187,818	26,917
GST Refundable	13,740	4,143
Sundry Debtor	-	41
Prepayment	6,000	-
	<u>207,558</u>	<u>31,101</u>
Other receivable	15,000	-
Amounts receivable from related parties:		
-Ascend Property Holdings Pty Ltd	136,267	-
-Ascend Escalation Fund	133,824	-
	<u>270,091</u>	<u>-</u>
Total Receivables	<u>492,649</u>	<u>31,101</u>

NOTE 8: HELD FOR TRADING

This represents market value of the 200,000 options received from Vet Biotechnology Ltd in part consideration of the raising of \$200,000 of capital.

	1,000	-
	<u>1,000</u>	<u>-</u>

NOTE 9: FINANCIAL ASSETS

Available-for-sale Financial Assets comprise:

Listed investments, at fair value

- shares in listed corporations (Pacific Enviromin Ltd \$19,926)
- shares in other related parties (Vet Biotechnology Ltd)

	19,926	-
	21,000	-
	<u>40,926</u>	<u>-</u>

Unlisted investments, at fair value

- shares in unlisted corporations (Calix Ltd \$225,000, Ceebron Pty Ltd \$7,353, Garimpos Ltd \$25,000)
- shares in unlisted other related parties (SDP Technology Ltd)

	257,353	-
	20,000	-
	<u>277,353</u>	<u>-</u>

Unlisted investments, at cost

- shares in unlisted other related parties (RP Index Pty Ltd)

	324	-
	<u>324</u>	<u>-</u>

Total Available-for-sale Financial assets

	<u>318,603</u>	<u>-</u>
--	-----------------------	-----------------

The movement in Available-for-sale financial assets is summarised as follows:

Balance at beginning of financial year

Add: Available-for-sale financial assets at costs

Less: Realised through stock transfer

Fair value adjustment - net

Total Available-For-Sale Investments

	-	-
	46,019	-
	(1,200)	-
	273,784	-
	<u>318,603</u>	<u>-</u>

The Company classifies its investments in shares of stock as Available-For-Sale. With this classification, changes in the market values of shares is taken up in the Revaluation Reserve account shown under Equity portion of the balance sheet.

Available-For-Sale financial assets comprise of investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

Ascend Asset Management Ltd holds 1,110,000 shares in Industrial Building Industries Ltd on behalf of investors in Industrial Buildings Industries Ltd. Industrial Buildings Industries Ltd went into Administration on 2/10/2007. As a result, at 30/6/2007, these shares have not been assigned a value.

Notes to the financial statements for the year ended 30 June 2007

NOTE 10: PROPERTY & EQUIPMENT

	Office Equipment	Low-Cost Value Tool	Total
Cost:			
Balance 1 July 2006	10,219	-	10,219
Additions	9,747	3,011.00	12,758
Balance 30 June 2007	19,966	3,011.00	22,977
Accumulated Depreciation:			
Balance 1 July 2006	(93)	-	(93)
Depreciation Expense	(4,123)	(565.00)	(4,688)
Balance 30 June 2007	(4,216)	(565.00)	(4,781)
Carrying value, 30 June 2007	15,750	2,446.00	18,196
		2007	2006
		\$	\$

NOTE 11: INTANGIBLE ASSETS

This account consists of:

AFSL Application Expenses	27,978	-
Total Intangible Assets	27,978	-

NOTE 12: NON-CURRENT ASSETS - OTHER

Formation Expenses at Cost	1,300	1,300
Less: Accumulated Amortisation	(1,300)	(520)
Total Non-Current Assets Other	-	780

NOTE 13: 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%	(159,542)	(42,349)
Tax effect of:		
Permanent Differences		
Non deductible Share based payments	18,503	-
Non deductible expenses	3,439	391
Capital Allowances	(306)	(462)
	21,636	(71)
Tax losses not brought to account	(137,906)	(42,420)

b Deferred tax assets not brought to account the benefits of which will only be realised if the

Temporary differences		
- Capital raising costs	24,459	1,830
- Changes to Company Structure	11	15
- Formation Costs	156	-
- Employee Benefits	701	-
Tax losses	189,567	51,660
	214,894	53,505

c Reconciliations

(i) Gross movements

The overall movement in the deferred tax account is as follows:

Opening balance	53,505	9,241
(Charge)/credit to income statement	138,764	42,419
(Charge)/credit to equity	22,625	1,845
Closing balance	214,894	53,505

Notes to the financial statements for the year ended 30 June 2007

NOTE 13: INCOME TAX (Cont)

(ii) Deferred Tax Assets

The movements in deferred tax asset for each temporary difference during the year:

Employee Benefits	-	-
Opening balance		
(Charge)/credit to income	701	-
Closing balance	701	-
Company Formation Costs		
Opening balance	-	-
(Charge)/credit to income	156	-
Closing balance	156	-
Capital Raising Costs		
Opening balance	1,830	-
(Charge)/credit to equity	22,629	1,830
Closing balance	24,459	1,830
Changes to Company Structure		
Opening balance	15	-
(Charge)/credit to income statement	(4)	15
Closing balance	11	15
	2007	2006
	\$	\$

NOTE 14: PAYABLES

CURRENT

Amounts Payable to Key Management Personnel and Related Entities	13,747	21,648
Trade Payables	220,415	24,686
Accrued Expenses	99,135	-
Total Payables	333,297	46,334

NOTE 15: ISSUED CAPITAL

(a) Issued and paid up capital:

Shares at the beginning of the reporting period (2006: 32,026,666)	181,750	161,750
3,060,000 shares issued for 10 cents	286,000	-
3,473,000 shares issued for 25 cents	868,250	-
250,000 shares issued as part of share-based payments for Nil consideration (125,000 valued at 10 cents in July 2006 and 125,000 valued at 25 cents in June 2007)	43,750	-
Share subscription monies received for shares issued after balance date	-	20,000
Total issued during the year	1,198,000	20,000
Shares at the end of the reporting period (2007: 38,809,666)	1,379,750	181,750
Less: Capital Raising Costs	(88,154)	(7,624)
Total Issued Capital	1,291,596	174,126

Notes to the financial statements for the year ended 30 June 2007

(b) Ordinary Shares

Number of shares at the beginning of the reporting period	32,026,666	24,000,000
Shares issued during the year		
for nil consideration	250,000	-
for 1 cent per share	-	6,850,000
for 7.5 cents per share	-	976,666
for 10 cents per share	3,060,000	200,000
for 25 cents per share	3,473,000	-
Total number of shares on issue at reporting date	38,809,666	32,026,666

Included in the 3,060,000 shares issued at 10 cents during 2007 were 200,000 ordinary shares (fully paid at \$0.10) issued on 18 July 2006 from funds received prior to 30 June 2006.

Each option entitles the holder to subscribe for one ordinary share in the capital of the company. The company has on issue 38,809,666 options (2006: 32,026,666). 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 16: Reserve

Note

		15,375	-
Option Reserve	22	15,375	-

The option reserve records items recognised as expenses on valuation of employee and executive share based payments. The reserve recognises 21,666,666 options on issue as part of the share-based payment arrangements with an exercise price of 15 cents, expiring on 30 June 2015.

NOTE 17: Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax

	Note	2007 \$	2006 \$
Loss after income tax		(531,807)	(141,164)
Non-cash flows in loss:			
Amortisation and Depreciation		5,468	353
(Increase) in Trade and other receivables		(212,511)	(29,024)
Increase in Trade and other payables		280,363	40,834
(Increase) in Held for Trading Assets	8	(1,000)	-
Net gain on disposal of investment	9	(1,200)	-
Impairment of Available-for-Sale investment	5	910	-
Increase in provision for doubtful debts	4	30,140	-
Shares issued for nil consideration as part of share scheme	15	43,750	-
Shares transferred to consultants & employees as part of consulting fees & wages		2,550	-
Options issued for nil consideration as part of consulting fees & wages	16	15,375	-
Cash flow used in operations		(367,962)	(129,001)

Notes to the financial statements for the year ended 30 June 2007

	2007 \$	2006 \$
NOTE 18: EARNINGS PER SHARE		
Reconciliation of Earnings to Net Loss		
Net Loss	(531,807)	(141,164)
Earnings used in the calculation of basic earnings per share	(531,807)	(141,164)
Earnings used in the calculation of diluted earnings per share	(531,807)	(141,164)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	32,634,412	30,427,150
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	65,268,824	30,427,150
Potential ordinary shares arising from options issued:		
Movements of weighted average number of options due to:		
- Options issued on shares issued	32,634,412	30,427,150
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	32,634,412	30,427,150
Weighted average number of options outstanding	32,634,412	-
Weighted average number of ordinary shares outstanding at 30 June 2007 and 2006 used in the	65,268,824	30,427,150

The weighted average number of options outstanding were not included in the 2006 weighted average numbers of ordinary shares used in calculating dilutive EPS as they were anti-dilutive. In 2007, however, the option exercise price of 15 cents is less than the average market price of ordinary shares issued during the year of 18 cents and therefore the options are considered to be "in the money" and therefore do have antidilutive effect and are included in the 2007 calculation of weighted average number of ordinary shares used to calculate dilutive EPS.

Since reporting date the company has issued 1,736,000 shares (2006: 1,710,000) and 1,736,000 options (2006: Class C options 1,710,000) which would have impacted on the number of ordinary shares if these transactions had occurred before the end of the reporting period.

NOTE 19: 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	Executive Chairman	Appointed 9 Feb 2005
Mr A P Beasley	Managing Director - Executive	Appointed 6 Apr 2005
Mr W C Wang	Executive Director	Appointed 30 Nov 2006
Mr D H Sutton	Non-executive Director	Appointed 1 Jun 2005
Mr J H Boorne	Non-executive Director	Appointed 1 Jun 2005

Notes to the financial statements for the year ended 30 June 2007

NOTE 19: DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES (Cont)

Compensation Practices

The Key Management are contracted during the year to provide consulting services to the company. Contracts are reviewed and amended as necessary on the first day of each new financial year.

Compensation provided by Ascend Asset Management Ltd to key management is as follows:

- Finta Pty Ltd : (Controlled by A P Beasley) Alan Preston Beasley currently receives \$15,000 per month for consulting services under a consultancy agreement which is currently being extended for a further 12 months to 20 June 2008. In addition, an amount of \$40,000 will be paid to Alan Preston Beasley upon attainment of NSX listing. Alan Preston Beasley also receives a percentage of fees received by Ascend Asset Management Ltd, at a rate determined by the Directors.

- First Avenue Investments Pty Ltd: (Controlled by D P LeMessurier) Douglas Peter LeMessurier, currently receives \$15,000 per month for consulting services. This agreement commenced 17 July 2006. Douglas Peter LeMessurier also receives a percentage of fees received by Ascend Asset Management Ltd, at a rate determined by the Directors.

- Fortune Corporation Australia Pty Ltd: (Controlled by W C Wang) William Chang Wang currently receives \$15,000 per month for consulting from Ascend Asset Management Ltd. William Chay Way also receives a percentage of fees received by Ascend Asset Management Ltd, at a rate determined by the Directors.

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

2007 Key Management Personnel Compensation

	Short-term Benefits				Post-employment Benefits	Total
	Cash, Salary, Commissions	Cash Profit Share	Non-cash Benefit	Other	Super-annuation	
	\$	\$	\$	\$	\$	\$
Mr D P LeMessurier	171,825	-	-	-	-	171,825
Mr A P Beasley	336,001	-	-	-	-	336,001
Mr D H Sutton	-	-	-	-	-	-
Mr J H Boorne	-	-	-	-	-	-
Mr W C Wang	25,000	-	850	-	-	25,850
	532,826	-	850	-	-	533,676

2006 Key Management Personnel Compensation

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

Notes to the financial statements for the year ended 30 June 2007

NOTE 19: DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES (cont)

Number of Shares held by Key Management Personnel

	Balance July 2006	1 Received as Compensation	Options Exercised	Net Change Other*	Balance 30 June 2007
Mr D P LeMessurier	8,316,666	-	-	(3,000,000)	5,316,666
Mr A P Beasley	4,500,000	-	-	-	4,500,000
Mr D H Sutton	4,100,000	-	-	-	4,100,000
Mr J H Boorne	4,500,000	-	-	-	4,500,000
Mr W C Wang	-	-	-	3,000,000	3,000,000
	<u>21,416,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,416,666</u>

* 'Net Change Other' refers to shares purchased, sold or transferred during the year. Shares issued to Directors and their related entities were issued for nil consideration. No shares were disposed by Directors during the year.

Number of Options Held by Key Management Personnel

	Balance 1 July 2006	Granted as Compensation	Options Exercised	Net Change Other*	Balance 30 June 2007
Mr D P LeMessurier	8,316,666	-	-	(3,000,000)	5,316,666
Mr A P Beasley	4,500,000	-	-	-	4,500,000
Mr D H Sutton	4,100,000	-	-	-	4,100,000
Mr J H Boorne	4,500,000	-	-	-	4,500,000
Mr W C Wang	-	-	-	3,000,000	3,000,000
	<u>21,416,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,416,666</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 2007	Total Vested 30 June 2007	Total Exercisable 30 June 2007	Total Unexercisable 30 June 2007
Mr D P LeMessurier	5,316,666	-	-	5,316,666
Mr A P Beasley	4,500,000	-	-	4,500,000
Mr D H Sutton	4,100,000	-	-	4,100,000
Mr J H Boorne	4,500,000	-	-	4,500,000
Mr W C Wang	3,000,000	-	-	3,000,000
	<u>21,416,666</u>	<u>-</u>	<u>-</u>	<u>21,416,666</u>

No share options were disposed of by Directors or their related entities during the 2007 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.

Notes to the financial statements for the year ended 30 June 2007

NOTE 20: RELATED PARTY TRANSACTIONS

Other Related Parties Transactions with the Company

Consulting Agreements

Alice LeMessurier, daughter of Peter LeMessurier is currently in receipt of \$9,123.57 per month consulting fees from Ascend Management Ltd for her services as Commercial Manager.

Frederick Roy LeMessurier, brother of Peter LeMessurier, is currently in receipt of consulting fees from Ascend Asset Management Ltd at a rate of \$80 per hour, to assist with capital raising.

James Beasley, son of Alan Preston Beasley, is currently in receipt of consulting fees from Ascend Asset Management Ltd at a rate of \$25 per hour, to assist with general administration.

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 21: FINANCIAL INSTRUMENTS

	Floating Interest Rate		Non-interest Bearing	
	Within Year		Within Year	
	2007	2006	2007	2006
	\$	\$	\$	\$
Financial Assets:				
Cash and cash equivalents	385,007	6,487	-	-
Receivables	-	-	492,649	31,101
Held for Trading Investment	-	-	-	-
Available for Sale Investment	-	-	-	-
Total Financial Assets:	385,007	6,487	492,649	31,101

	Non-interest Bearing		Total	
	1 to 5 Years			
	2007	2006	2007	2006
	\$	\$	\$	\$
Financial Assets:				
Cash and cash equivalents	-	-	385,007	6,487
Receivables	-	-	492,649	31,101
Held for Trading Investment	1,000	-	1,000	-
Available for Sale Investment	318,603	-	318,603	-
Total Financial Assets:	319,603	-	1,197,259	37,588

	Non-interest Bearing		Total	
	Within Year			
	2007	2006	2007	2006
	\$	\$	\$	\$
Financial Liabilities:				
Trade and other payables	333,297	46,334	333,297	46,334
	333,297	46,334	333,297	46,334

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.

Notes to the financial statements for the year ended 30 June 2007

NOTE 21: FINANCIAL INSTRUMENTS (Cont)

Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at the balance sheet date. The net fair value of unlisted investments have been valued at the price at which shares have been raised in recent off-market capital raising transactions or at cost if more appropriate. For other assets and liabilities the net fair value approximates their carrying value.

	Note	2007		2006	
		Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
Financial Assets:		\$	\$	\$	\$
Available for Sale Investment	9	318,603	318,603	-	-
		<u>318,603</u>	<u>318,603</u>	<u>-</u>	<u>-</u>

NOTE 22: SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2007:

	2007			2006		
	Value of Options Issued	Number of Options	Weighted Average Exercise price \$	Value of Options Issued	Number of Options	Weighted Average Exercise price \$
Outstanding at the beginning of the year	-	21,416,666	0.15	-	21,416,666	0.15
Granted	15,375	250,000	0.15	-	-	0.15
Outstanding at year end	<u>15,375</u>	<u>21,666,666</u>		<u>-</u>	<u>21,416,666</u>	

125,000 options and shares were issued on 1/7/2006 in line with employment and contractor agreements. The exercise price of the options is 15 cents, expiring 30 June 2017. The shares were valued at \$0.10 per share.

125,000 options and shares were issued on 29/6/2007 in line with employment and contractor agreements. The exercise price of the options is 15 cents, expiring 30 June 2017. The shares were valued at \$0.25 per share.

The price of the options granted during the year was calculated using the Black-Scholes option pricing model applying the following inputs:

	01/07/2006	29/06/2007
Exercise Price	\$0.15	\$0.15
Estimated days to Expiry	1,095	730
Underlying share price	\$0.10	\$0.25
Expected share price volatility	20%	20%
Risk free interest rate	5.85%	5.85%
Calculated option price	\$0.006	\$0.117
Value of options issued	\$750	\$14,625

NOTE 23: CHANGE OF COMPANY STRUCTURE

See subsequent Events disclosure notes regarding the proposed new structure of the Company.

NOTE 24: 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.

Notes to the financial statements for the year ended 30 June 2007

NOTE 25: SUBSEQUENT EVENTS

- The Directors resolved on 19 July 2007 that Ascend Asset Management Ltd would act as investment manager, and Columbus Investment Management Services Limited ("Columbus") as the responsible entity, of a registered scheme to be called the Ascend Escalation Fund.
- The Ascend Escalation Fund ("Fund") would offer investors the opportunity to invest, through the Fund, in three sub-funds which would each invest in a different class of assets. The fund would be divided into four classes of units, with each class of units corresponding to one of the sub-funds. The sub-funds would be as follows:
 - The Ascend Seed Capital Fund;
 - The Ascend China Growth Fund; and
 - The Ascend Small Resources Fund.
- The directors of Ascend Asset Management Ltd intend on expanding into new service lines and are of the view that it would be of significantly advantage for these service lines to operate through separate corporate entities under a common parent company.
- Ascend Asset Management Ltd wishes to undertake a restructure whereby Ascend Group Limited ACN 114 162 631 ("AGL") will be interposed as a new holding company above the Company ("Restructure"). AGL is a "shell" company registered in New South Wales that has been acquired for the purpose of effecting the Restructure.
- It is intended that, following the Restructure, new subsidiaries will be introduced beneath AGL to operate the new service lines. Ascend Asset Management Ltd will continue to operate the existing investment management business under the AFSL as a wholly owned subsidiary of AGL.
- It is proposed to effect the Restructure by the existing shareholders of Ascend Asset Management Ltd ("Members") transferring their shares and options to AGL, so that AGL owns all of the shares, and all options over shares, issued by Ascend Asset Management Ltd.
- As consideration for the transfer of shares and options in the Company by the Members to AGL, the Members will be issued a proportionate number of shares and options in AGL. This will mean that, after the Restructure, each Member will hold the same percentage equity interest in AGL that the Member held in the Company before the Restructure.
- At the General Meeting of Members held on 26 September 2007 the Members approved the following resolutions in order to approve and implement the Restructure:
 - an ordinary resolution approving the acquisition by AGL of all the shares in Ascend Asset Management Ltd; and
 - a special resolution approving amendments to Ascend Asset Management Ltd constitution authorising Ascend Asset Management Ltd to act as attorney for the Members in the transfer of the Members' shares and options to AGL.
- 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. During the year, no directors' fees have been paid.
- On 19 July 2007 the board of directors has approved the issuance of 6,800,000 unlisted options to officers and employees with an expiry date of 31 December 2017 and exercise price of 30 cents per share and may not be exercised for 2 years from the date of the option certificate.
- On 19 July 2007 the board of directors also approved the issuance of 6,500,000 unlisted options to officers and employees with an expiry date of 31 December 2017 and exercise price of 40 cents per share and may not be exercised for 2 years from the date of the option certificate.

New Share Issues

Since 30 June 2007 to the date of this report, the following new share issues have occurred:

The company issued a total of 1,736,000 shares at \$0.25 with a free attaching option expiring 30 June 2015 with an exercise price of 15 cents.

Notes to the financial statements for the year ended 30 June 2007

Proposed NSX Listing

Ascend Asset Management Ltd has prepared an Information Memorandum and has raised all necessary funds to list on the Newcastle Stock Exchange. On 19 July 2007, Ascend Asset Management Ltd made a formal application to the Newcastle Stock Exchange and now that the proposed new structure has been approved at the meeting of shareholders on 26th September 2007 Ascend Asset Management Ltd will work with the Newcastle Stock Exchange to list under the new structure.

NOTE 26: COMPANY DETAILS

The principal place of business is:

Level 12, 280 George Street
SYDNEY NSW 2000

Directors' declaration

The directors of the company declare that:

1 the financial statements and notes, as set out on pages 8 to 26, 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 2007 and of the performance for the

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

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



Chairman of the Board of Directors
Douglas Peter LeMessurier

Dated this 17th day of October 2007

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

Independent Audit Report to the members of Ascend Asset Management Limited

Scope

The financial report and directors' responsibility

The financial report comprises the income statement, balance sheet, and statement of changes in equity, statement of cash flows, accompanying notes to the financial statements and the directors' declaration for Ascend Asset Management Limited for the year ended 30 June 2007.

The Company has disclosed the information required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 Related Party disclosures (remuneration disclosures), under the heading "Details of Remuneration of Directors" on page 3 of the Directors' Report, as permitted by Corporations Regulation 2M.6.04.

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 that are designed to prevent and detect fraud and error, and for the accounting policies and estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the financial report.

Audit Approach

We have 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 to provide reasonable assurance as to whether the financial statements are free of material misstatement and the remuneration disclosures comply with Accounting Standard AASB 124 Related Party disclosures. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, 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, and whether the remuneration disclosures comply with Accounting Standard AASB 124 Related Party Disclosures.

We formed our 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.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide an assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report and the remuneration disclosures. These and our other procedures did not include consideration or judgment of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the Company.

CHARTERED ACCOUNTANTS

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Independent Audit Report to the members of Ascend Asset Management Limited (Cont'd)

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit Opinion

In our opinion:

1. the financial report of Ascend Asset Management Limited is in accordance with:
 - (a) the Corporations Act, including;
 - (i) giving a true and fair value of the Company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporation Regulations 2001; and
 - (b) other mandatory professional reporting requirement
2. the remuneration disclosures that are constrained on page 3 of Directors' Report comply with Accounting Standard AASB 124 Related Party Disclosures.


DUNCAN DOVICO
Chartered Accountants


ROSEMARY MEGALE
Partner

Sydney, 17th October 2007



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