

start



securities  
group

29 September 2008

National Stock Exchange of Australia  
PO Box 283  
NEWCASTLE NSW 2303

Dear Sirs

**ANNUAL REPORT 2008**

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The directors provide their report, the financial report of the Company and auditor's report for the year ending 30 June 2008.

Yours faithfully

**Brookes McTavish**  
**Managing Director**  
**Start Securities Group Limited**

**START SECURITIES GROUP LIMITED**

**ACN 109 469383**

**2008 ANNUAL REPORT**

**START SECURITIES GROUP LIMITED**  
**(formerly known as Appollo Assets Limited)**  
**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 JUNE 2008**

The directors present their report together with the financial report of Start Securities Group Limited (the Company) for the financial year ended 30 June 2008 and the auditor's report thereon.

**1. DIRECTORS & MEETINGS**

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office this entire period unless otherwise stated.

There were (8) Director's meetings and (1) Audit Committee meeting held during the financial year and (3) meetings since. The number of meetings attended by each director during the year (while they were a director or a committee member) is as follows:

<b>Name, qualifications and independence status</b>	<b>Age</b>	<b>Experience and special responsibilities</b>	<b>Date appointed</b>	<b>Date resigned</b>	<b>Number of board meetings</b>	<b>Number of board meetings attended</b>
Colin Archer, non-independent	59	Chairman. Specialist experience in capital raising and investment	9 June 2004	17 September 2008	9	9
Michael Matchett, independent	60	Director. Corporate financial experience	26 November 2004	26 June 2008	8	8
Zhou Xiao Bo, non-independent	53	Executive Director. Chief Representative for Ministry of Commerce of the Peoples Republic of China. Finance, business experience.	5 July 2006	26 June 2008	8	8
Brookes McTavish MA MSc Soc MAICD Non-independent	55	Director. Corporate experience, capital raising, mergers, acquisitions and investment. Corporate Social Responsibility.	26 June 2008		3	3
Robin Golding BCom & Admin, Dip Fin Svs, FCTP, CFTP (Snr), Mst D, FAICD Non-independent	64	Director. Corporate finance and funds management. Responsible Manager for AFSL.	26 June 2008		3	3
Lucas Mueller BBus Independent	53	Director. Business & investment experience, commercializing technology and early stage investment.	22 September 2008		1	1

**2. COMPANY SECRETARY**

Colin Archer was the Company Secretary during the financial year.

**START SECURITIES GROUP LIMITED**  
**(formerly known as Appollo Assets Limited)**  
**DIRECTORS' REPORT**

**3. DIRECTOR'S INTERESTS**

As at the date of this report, the interests of the directors in the shares and options of Start Securities Group Limited are shown following.

<b>Name</b>	<b>Number of Ordinary Shares</b>	<b>Number of Preference Shares</b>	<b>Number of Options over Ordinary Shares</b>
Colin Archer	575,050	NIL	575,050
Michael Matchett	NIL	NIL	NIL
Zhou Xiao Bo	874,000	NIL	874,000
Brookes McTavish	28,158,123	NIL	NIL
Robin Golding	129,245	NIL	NIL
Lucas Mueller	NIL	NIL	NIL

**4. DIRECTORS' REMUNERATION**

There was no remuneration paid to directors during the 2008 year.

These fees and benefits exclude benefits included in the aggregate amount of emoluments received or due and receivable by Directors as director's fees and shown in financial statements, prepared in accordance with the Corporations Regulations, or the fixed salary of a full time employee.

<b>Name</b>	<b>Salary</b>	<b>Directors Fee</b>	<b>Superannuation Other Benefits</b>
<b>Colin ARCHER</b>	-	-	-
<b>Michael Matchett</b>	-	-	-
<b>Zhou Xiao Bo</b>	-	-	-

**START SECURITIES GROUP LIMITED**  
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**DIRECTORS' REPORT**

***Remuneration Report***

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation.
- E Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001. The information provided within this remuneration report includes remuneration disclosures that are required under Accounting Standard AASB 124 'Related Party Disclosures'. These disclosures have been transferred from the financial report and have been audited.

**A *Principles used to determine the nature and amount of remuneration (audited)***

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board ensures that executive reward satisfies the following key criteria for good reward corporate governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Transparency
- Capital management

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy for the organisation.

**Non-executive directors**

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

**Director's fees**

Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum non-executive Director remuneration currently stands at \$130,000 in aggregate.

Each non-executive director is entitled to receive fees of \$36,000 per annum (plus superannuation) and the Chairman of Directors is entitled to receive \$48,000 per annum (plus superannuation). A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The Company currently has no performance based remuneration component built into director and executive remuneration packages.

**START SECURITIES GROUP LIMITED**  
(formerly known as Appollo Assets Limited)  
**DIRECTORS' REPORT**

**B Details of remuneration (audited)**

	2008	2007
	\$	\$
Total income received, or due and receivable, by directors of Start Securities Limited from the Company, and any related party in connection with the management of the Company and any related party.	Nil	Nil

No remuneration was paid to the directors and key management personnel during the year

**C Service Agreements (audited)**

No formal written consultancy agreements exist with companies of which directors have a substantial financial interest.. No performance related bonuses or benefits are provided.

**D Share-based compensation (audited)**

No share based remuneration compensation plan existed during the year.

**5. INSURANCE OF OFFICERS**

During the financial year, Start Securities Limited incurred premiums to insure the directors, secretary and/or officers of the Company.

**The liability insured is the indemnification of the Company against any legal liability to third parties arising out of any Directors or Officers duties in their capacity as a Director or Officer other than indemnification not permitted by law.**

No liability has arisen under this indemnity as at the date of this report. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate, against a liability incurred as such by an officer or auditor.

**6. PRINCIPAL ACTIVITIES**

The principal activities of the Company changed during the course of the 2007/8 financial year from a biotech company to an investment company and the directors sought investment opportunities.

**7. OPERATING AND FINANCIAL REVIEW**

**Company overview**

The company underwent a change of focus after the buyback of the major shareholder and divestment of the biotech project in 2007, noted in the Audit Report. After its inability to secure contracts in China, the Company reverted to an investment company seeking investment opportunities.

**Review of operating results for the year**

The Company's operating loss after tax for the year ended 30 June 2008 **178,693** (2007: Loss \$ 404,163)

**8. DIVIDENDS**

No dividends were paid during the financial year under review.

**START SECURITIES GROUP LIMITED**  
**(formerly known as Appollo Assets Limited)**  
**DIRECTORS' REPORT**

**9. PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied for leave of Court to bring proceedings on behalf of the Company or to 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.

**10. SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

The state of affairs of the Company was not affected by any significant changes during the year.

**11. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

The Company acquired a subsidiary, Australian Small Scale Offerings Board Limited subsequent to the end of the financial year.

**12. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

The Company has entered into a Merger & Implementation Agreement with Australian Small Scale Offerings Board Limited.

**13. CORPORATE GOVERNANCE STATEMENT**

The Company strives to comply with the ASX Principles of Good Corporate Governance and Best Practice Recommendations. This is dealt with in more detail in the Supplementary Information section of the Annual Report.

**14. AUDIT INDEPENDENCE AND NON-AUDIT SERVICES**

**Auditors' Independence Declaration – section 307C**

The following is a copy of a letter received from the Company's auditors:

**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

To the Directors of Start Securities Limited,

As lead auditor for the audit of Start Securities Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements as set out in 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.

Graham R Swan  
(Lead auditor)  
Rothsay Chartered Accountants

Sydney  
29 September 2008

### Non-audit services

The Board of Directors has considered the position and is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including acting in a management or a decision-making capacity for the Company or acting as advocate for the Company.

During the year the following fees were paid or payable for services provided by the auditor:

	2008 \$	2007 \$
<b>Audit Services</b>		
Audit and review of financial reports and other audit work under the Corporations Act 2001	8,000	8,000
<b>Non-audit Services</b>		
Taxation Services	-	2,000
<b>Total</b>	<b>8,000</b>	<b>10,000</b>

Signed in accordance with a resolution of the Directors. Dated this 29th day of September 2008.

On behalf of the Directors



Brookes McTavish  
Managing Director



## **SUPPLEMENTARY INFORMATION**

### **CORPORATE GOVERNANCE AND COMPLIANCE**

#### **9.1(a) Corporate Governance Polity**

The Board of Start Securities Limited is committed to maintaining the highest standards of corporate governance. Corporate governance is about having a set of values that underpin the company's everyday activities and values that ensure fair dealing, transparency of actions, and protect the interests of stakeholders.

The Board considers corporate governance forms part of a broader framework of corporate responsibility and regulatory oversight. Corporate integrity is under question globally; a genuine commitment to good governance is fundamental to the sustainability of our business and its performance. In pursuing its commitment to best practice governance standards, the Board will continue to:

- \* review and improve its governance practices; and
- \* monitor global developments in host practice corporate governance.

The Board's approach has been to be guided by the principles and practices that are in our stakeholders' best interests while ensuring full compliance with legal requirements. The best practice guidelines of the National Stock Exchange of Australia ("NSX"), Start Securities' home exchange, have been adopted as the minimum baseline for our governance practices. In the reporting period, Start Securities Group Limited.

#### **9.1(b) Compliance With the NSX Best Practice Recommendations**

The NSX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have followed the NSX best practice recommendations in the reporting period. Listed companies must identify the recommendations that have not been followed and provide reasons for the company's decision. This Governance Statement describes Start Securities' governance practices and notes where they do not comply with the NSX best practice recommendations. A checklist summarising compliance is provided at the end of this Governance Statement.

#### **Date of this Statement**

This statement reflects our corporate governance policies and procedures as at 30 June 2008.

#### **9.2 (a) Board Role and Responsibility**

The Board is accountable to shareholders for Start Securities' performance. In summary, the Board's responsibilities include:

- providing strategic direction and approving corporate strategic initiatives;
- planning for Board and executive succession;
- selecting and evaluating future Directors, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), if and when appointed;
- setting CEO and Director remuneration within shareholder approved limits;
- approving budget and monitoring management and financial performance;
- considering and approving Annual Financial Report (including the Directors' Declaration) and the interim and final financial statements;
- approving Start Securities' risk management strategy monitoring its effectiveness and maintaining a direct and ongoing dialogue with Start Securities' auditors and regulators; and considering and reviewing the social and ethical impact of Start Securities' activities, setting standards for social and ethical practices and monitoring compliance with Start Securities' social responsibility policies and practices.

The Board has delegated to management responsibility for:

- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- maintaining an effective risk management framework and keeping the Board and market fully informed about material risks;
- developing Start Securities' annual budget, recommending it to the Board for approval and managing day-to-day operations within the budget; and managing day-to-day operations in accordance with standards for social and ethical practices which have been set by the Board.

### **9.3(c) Board Size and Composition**

The Board determines its size and composition, subject to the limits imposed by Start Securities' Constitution. The Constitution requires a minimum of three and a maximum of ten Directors. In addition, at least two of the Directors shall ordinarily reside within Australia.

### **9.3(d) The Selection and Role of the Chairman**

The Chairman is selected by the Board. The Chairman's role includes:

- providing effective leadership on formulating the Board's strategy;
- representing the views of the Board to the public;
- ensuring that, when all Board members take office, they are fully briefed on the terms of their appointment, their duties and responsibilities;
- ensuring that the Board meets at regular intervals throughout the year, and that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual Directors;
- guiding the agenda and conduct of all Board meetings; and
- reviewing the performance of Board Directors.

### **9.3(e) Directors' Independence**

The Board assesses each of the Directors against specific criteria to decide whether they are in a position to exercise Independent judgment. Directors are considered to be independent if they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment. Materiality is assessed on a case-by-case basis by reference to each Director's individual circumstances rather than general materiality thresholds. In assessing independence, the Board considers whether the Director has a business or other relationship with Start Securities, either directly, or as a partner, shareholder or officer of a company or other entity that has an interest, or a business or other relationship, with Start Securities or another Start Securities China Holdings member. It is the Board's view that its Non-executive Director is independent.

### **9.3(f) Avoidance of Conflicts of interest by a Director**

In accordance with the Corporations Act 2001, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote on the matter.

### **9.3(g) Meetings of the Board and their Conduct**

The Board meets normally at least four times a year. In addition it meets whenever necessary to deal with specific matters needing attention between the scheduled meetings. This year the full Board has met (seven) 7 times. The Chairman establishes meeting agendas to ensure adequate coverage of financial, strategic and major risk areas throughout the year. The Directors also maintain informal communications via email and phone. Meetings due to distance can be deemed to be held and the people present using, internet, telephone or other communications devices as the board may determine from time to time.

### **9.3(h) Succession Planning**

The Board plans succession of its own members taking into account the skills experience and expertise required and currently represented and Start Securities' future direction. The Board is also responsible for CEO and CFO succession planning (if appointed).

### **9.3(i) Review of Board Performance**

The Board reviews its overall performance, as well as the performance of individual Directors. The performance of Non-executive Directors (including the Chairman) is subject to annual peer review.

### **9.3(j) Nomination and Appointment of New Directors**

Recommendations for nominations of new Directors are made by the Board as a whole. Those nominated are assessed by the Board against a range of criteria including background, experience, professional skills, personal qualities, whether their skills and experience will augment the existing Board and their availability to commit themselves to the Board's activities. If the Board appoints a new Director during the year that person will stand for election by shareholders at the next annual general meeting. Shareholders are provided with relevant information on the candidates for election,

### **9.3(k) Retirement and Re-Election of Directors**

Start Securities' Constitution states that one-third of our Directors must retire each year. The maximum time that each Director can serve in any single term is three years. Any Director who has been appointed during the year must retire at the next annual general meeting. Eligible Directors who retire each year may offer themselves for re-election by shareholders at the next annual general meeting.

### **9.3(l) Compulsory retirement of Directors**

The Board has no limit on the number of terms of office which any Director may serve.

### **9.3(m) Board Access to Information and Advice**

All Directors have unrestricted access to company records and information and receive regular detailed financial and operational reports. Start Securities China Holdings Limited Company Chairman and NSX NOMAD, Hynes Lawyers provides Directors with ongoing guidance on issues such as corporate governance, Start Securities Constitution and the law. The Board collectively, and each Director individually, has the right to seek independent professional advice at Start Securities expense to help them carry out their responsibilities. While the Chairman's prior approval is needed, it may not be unreasonably withheld and, in its absence, Board approval may be sought.

## **9.4 Board Committees**

### **9.4(a) Board Committees and Membership**

There are currently no Board Committees. Start Securities size and operations do not allow for separate Board Committees. All issues are considered by all the Directors, unless a Director is unable to exercise independence. Start Securities does not comply with NSX recommendations on these issues-

### **9.4(b) Audit Committee**

Because of its size, Start Securities does not have an Audit Committee; it does not comply with this recommendation.

### **9.4(c) Board Risk Oversight Committee**

Start Securities does not have a Board Risk Oversight Committee; it does not comply with this recommendation.

### **9.4(d) Board Nominations Committee**

Start Securities does not have a Board Nominations Committee and any appointment would be considered by all directors. It does not comply with this recommendation.

### **9.4(e) Board Remuneration Committee**

Start Securities does not have a Board Remuneration Committee. It does intend to form one when Directors begin to receive monetary benefits. In the future, Directors will be paid a fixed remuneration for attending Board meetings, and allowed to claim for out-of-pocket expenses and any time spent on special issues. In the reporting period to 30 June 2008, there were limited payments to Directors as set out in this document.

## **9.5 Audit Governance and Independence**

### **9.5(a) Approach to Audit Governance**

The Board is committed to three basic principles:

- Start Securities must produce true and fair financial reports;
- its accounting methods are comprehensive and relevant and comply with applicable
- accounting rules and policies; and
- the external auditors are independent and serve shareholder interests by ensuring that shareholders know Start Securities' true financial position.

### **9.5(b) Engagement and Rotation of External Auditor**

Start Securities' independent external auditor is Rothsay Consulting Services Pty Ltd.

### **9.5(c) Discussions with External Auditor on Independence**

The Board Audit and Compliance Committee require the external auditor to confirm that they have maintained their independence.

### **9.5(d) Relationship with External Auditor**

Start Securities' current policies on employment and other relationships with our external auditor are:

- the audit partners and any audit firm employee on the Start Securities audit are prohibited from being an officer or an immediate family member of an audit partner or any audit firm employee on the Start Securities audit is prohibited from being a Director or an officer in a significant position at Start Securities;
- a former audit firm partner or employee on the Start Securities audit is prohibited from becoming a Director or officer in a significant position at Start Securities for at least five years and after the five years can have no continuing financial relationship with the audit firm;
- members of the audit team and firm are prohibited from having a business relationship with Start Securities or any officer of Start Securities unless the relationship is clearly insignificant to both parties;
- the audit firm, its partners, its employees on the Start Securities audit, and their immediate family members are prohibited from having a direct or material indirect investment in Start Securities;
- officers of Start Securities are prohibited from receiving any remuneration from the audit firm;
- the audit firm is prohibited from having a financial interest in any entity with a controlling interest in Start Securities; and
- the audit firm engagement team in any given year cannot include a person who had been an officer of Start Securities during that year.

### **9.5(e) Restrictions on Non-Audit Services by the External Auditor**

The external auditor is not restricted in the provision of non-audit services to Start Securities except as required by the Corporations Act or the NSX Listing Rules.

### **9.5(f) Attendance at Annual General Meeting**

Start Securities' external auditor attends the annual general meeting and is available to answer shareholder questions. Because of Distance and the diversity of the nationalities of the Members this task may be performed by teleconference, video-conference or any other method suitable to the board and in the interests of the shareholders.

## **9.6 Controlling and Managing Risk**

### **9.6(a) Approach to Risk Management**

Taking and managing risk are central to business and to building shareholder value. Start Securities' approach is to identify, assess and control the risks which affect its business. The intention is to enable risks to be balanced against appropriate rewards. The risk management approach links Start Securities' vision and values, objectives and strategies, and procedures and training.

### **9.6(b) Risk Management Roles and Responsibilities**

The Board is responsible for approving and reviewing Start Securities' risk management strategy and policy. The Chairman is responsible for implementing the Board-approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of Start Securities activities.

### **9.6(c) Company Secretarial Assurance**

The Board receives regular reports about the financial condition and operational results of Start Securities and its controlled entities. The Chairman periodically provides formal statements to the Board that in all material respects:

- the company's financial statements present a true and fair view of Start Securities' financial condition and operational results, and
- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

## **9.7 Remuneration Framework**

Start Securities does not pay its Non-Executive Director a fixed remuneration. This Officer can claim reimbursement of out-of-pocket expenses incurred on behalf of Start Securities and time spent on specific issues. Directors are only paid for work additional to their general duties. The Directors are committed to minimising outgoings while examining future business options for Start Securities.

## **9.8 Corporate Responsibility and Sustainability**

### **9.8(a) Start Securities' Approach to Corporate Responsibility and Sustainability**

Start Securities' aim is to manage its business in a way that produces positive outcomes for all stakeholders and maximises economic, social and environmental value simultaneously. In doing so, Start Securities accepts that the responsibilities flowing from this go beyond both strict legal obligations and just the financial bottom line. Transparency, the desire for fair dealing, and positive links into the community underpin our everyday activities and corporate responsibility practices.

### **9.8(b) Start Securities' Code of Conduct**

Start Securities' Code of Conduct applies to all Directors, executives and employees without exception. The Code governs workplace and human resource practices, risk management and legal compliance, and is aligned to Start Securities' core values of teamwork, integrity and performance. The Code is reviewed periodically and has been specifically reviewed to reflect the NSX best practice recommendations.

### **9.8(c) Insider Trading Policy and Trading in Start Securities Shares**

Both Directors and employees of a Corporation are subject to restrictions under the law relating to dealing in certain financial products, including securities in a company (including Start Securities), if they are in possession of inside information. Inside information is information that is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the securities of the company.

### **9.8(d) Market Disclosure Policy and Practices**

The Chairman in consultation with the NSX NOMAD has responsibility for ensuring compliance with the continuous disclosure requirements in the NSX Listing Rules, and overseeing and coordinating information disclosure to the NSX, analysts, brokers, shareholders, the media, and the public. Start Securities is committed to giving all shareholders comprehensive and equal access to information about our activities, and to fulfill continuous disclosure obligations to the broader market. Start Securities policy is designed to ensure compliance with NSX Listing Rules on continuous disclosure requirements. It ensures any information that a reasonable person would expect to have a material effect on the price of Start Securities' securities is disclosed.

**START SECURITIES GROUP LIMITED**  
(formerly known as Appollo Assets Limited)

**INCOME STATEMENT**  
for the year ended 30 June

		Company	
		2008	2007
	Note	\$	\$
Sales Revenue		-	-
Interest and other income		-	10,619
Total revenue	2	-	10,619
NSX Listing costs		(5,998)	(9,443)
Advertising and marketing		(1,028)	(15,728)
Auditors' remuneration			
- audit fees		(8,000)	(8,000)
- other services		(2,500)	(2,500)
Consultants		(126,923)	(232,115)
Depreciation		-	-
Directors' fees		-	(18,000)
Other corporate expenses		(34,244)	(128,996)
Total Expenses		(178,693)	(414,782)
Profit (loss) from ordinary activities before related income tax expense		(178,693)	(404,163)
Income tax expense	3	-	-
Profit (loss) from ordinary activities after related income tax expense		(178,693)	(404,163)

The accompanying notes form part of this report

**START SECURITIES GROUP LIMITED**  
(formerly known as Appollo Assets Limited)

**BALANCE SHEET**  
as at 30 June

		Company	
	Note	2008 \$	2007 \$
<b>Current Assets</b>			
Cash and cash equivalents		554	44,658
Receivables	4	-	133,197
<b>Total Current Assets</b>		<b>554</b>	<b>177,855</b>
<b>Non-Current Assets</b>			
Investment in subsidiary	5	-	-
<b>Total Non-Current Assets</b>		<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>554</b>	<b>177,855</b>
<b>Current Liabilities</b>			
Trade payables	6	1,392	-
<b>Total Current Liabilities</b>		<b>1,392</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>-</b>	<b>-</b>
<b>NET ASSETS</b>		<b>(838)</b>	<b>177,855</b>
<b>Shareholders' Equity</b>			
Share capital	7	10,825,200	10,825,200
Accumulated losses		(10,826,038)	(10,647,345)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>(838)</b>	<b>177,855</b>

The accompanying notes form part of this report

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 June

		Company	
	Note	2008 \$	2007 \$
Net Loss attributable to members of Start Securities Ltd		(178,693)	(404,163)
Accumulated losses at beginning of financial year		(10,647,345)	(36,186,926)
Profit on disposal of subsidiary		-	193,744
Cancellation of issued capital on sale of subsidiary		-	25,750,000
<b>Accumulated losses at end of financial year</b>		<b>(10,826,038)</b>	<b>(10,647,345)</b>
Earnings per share – basic	13	(0.01)	(0.07)

**START SECURITIES GROUP LIMITED**  
(formerly known as Appollo Assets Limited)

**STATEMENT OF CASH FLOWS**  
for the year ended 30 June

		Company	
	Note	2008 \$	2007 \$
<b>Cash flows from operating activities</b>			
Cash receipts in ordinary course of operations (inclusive of goods and services tax)		133,197	-
Interest received		-	10,619
Payments to suppliers (inclusive of goods and services tax)		(177,301)	(395,835)
<b>Net cash from operating activities</b>	12	<u>(44,104)</u>	<u>(385,216)</u>
 <b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	-
Proceeds from sale of subsidiary		-	50,000
<b>Net cash flow from financing activities</b>		<u>-</u>	<u>50,000</u>
 <b>Net (increase) decrease in cash held</b>		<b>(44,104)</b>	<b>(335,216)</b>
Cash at beginning of year		<u>44,658</u>	<u>379,874</u>
<b>Cash at the end of the financial year</b>		<u>554</u>	<u>44,658</u>

The accompanying notes form part of this report.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

### 1. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

#### Compliance with IFRSs

Australian Accounting Standards include AIFRS. Compliance with AIFRSs ensure that the financial statements and notes of Start Securities Ltd comply with International Financial Reporting Standards (IFRS).

#### Historical cost convention

These financial statements have been prepared under the historical cost convention.

#### **Change of name**

During the year the company changed its name from Start Securities China Holdings Ltd to Appollo Asset Ltd and then to Start Securities Ltd.

#### a) **Income Tax**

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the national income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

#### b) **Cash**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

- c) **Foreign currency:**  
Transactions in foreign currencies are converted to Australian dollars at the rate of exchange at the date of the transaction. At balance date, foreign monetary assets and liabilities including those of integrated foreign operations are translated at the closing rate, and exchange variations arising from those transactions are included in the Statement of Financial Performance.
- e) **Intangible Research and Development expenditure**  
Expenditure on research activities is recognised as an expense in the period in which it is incurred. Costs incurred on development activities are capitalised if the product or process is technically and commercially feasible and the company has sufficient resources to complete the development otherwise it is written off as impaired. The expenditure capitalised includes the cost of materials, direct labour and appropriate proportion of overheads. Development expenditure, after initial recognition, is carried at cost less any amount written off as impaired. Other development costs are recognised in the income statement as an expense as incurred. Development costs previously recognised as expenses are not restated as an asset in a subsequent period.
- f) **Going Concern**  
The financial report has been prepared on a going concern basis due to the acquisition of a subsidiary with subsequent to year end and the issue of a prospectus to raise \$2,000,000.
- g) **Fair value estimation**  
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The nominal value, less any estimated credit adjustments, of trade receivables and payables are assumed to approximate their fair value.
- h) **New accounting standards**  
Certain new accounting standard, have been published that are not mandatory for 30 June 2008 reporting periods. The Company has elected not to adopt, where available, theses standards and early. Application of the standards is not expected to affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in the notes to the financial statements.
- j) **Revenue Recognition**  
Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.
- k) **Impairment of assets**  
At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

### 1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised in the profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation increase.

#### l) Trade Payables

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

#### m) Provisions

Provisions are recognised when the Company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be reliably measured.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

#### o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Company's assessment of the impact of these new accounting standards is set out below.

##### *(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8*

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a "management approach" to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Company has not yet decided when to adopt AASB 8. Adoption of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

##### *(ii) AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. The Company intends to apply the revised standard from 1 July 2009.

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2008

	Company	
	2008	2007
	\$	\$
<b>2. OPERATING REVENUE</b>		
Included in operating revenue are the following items		
Other income		
Interest received or due and receivable from other corporations	-	10,619
	-	10,619

- 3. INCOME TAX**  
No income tax expense has been provided in the accounts because the company has an operating loss for the year. No future tax benefit attributable to tax losses has been brought to account as recovery is not certain or assured.

<b>4. RECEIVABLES</b>		
GST refundable	-	3,197
Deposits and prepayments	-	-
Other receivables	-	130,000
	-	133,197

Other receivables in 2007 were the balance of the amount due from the sale of the Chinese subsidiary company Guangdong JBC Biological Technology Co Limited subsidiary.

**5. INVESTMENT IN CONTROLLED ENTITIES**

During the 2007 year the company sold its Chinese subsidiary company Guangdong JBC Biological Technology Co Limited and the rights to use Letu and associated products for \$180,000 and the cancellation of 128,742,000 ordinary shares and attaching options.

**6. PAYABLES**

<b>Current</b>		
Accounts payable	1,392	-
	1,392	-

	Number	2008 \$	Number	2007 \$
<b>7. CONTRIBUTED EQUITY</b>				
<b>Issued Capital</b>				
Balance at beginning of year	183,148,000	36,575,200	183,148,000	35,504,000
Placement	-	-	-	-
Disposal of subsidiary (Note 6)	(128,742,000)	(25,750,000)	(128,742,000)	(25,750,000)
Balance at end of year	54,406,000	10,825,200	54,406,000	10,825,200

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2008

	Number	2008 \$	Number	2007 \$
<b>8. Options</b>				
<b>Options – expiring 31 December 2009</b>				
Balance at beginning of year	181,798,000	-	181,798,000	-
Exercised during year	-	-	-	-
Issued during year	-	-	-	-
Cancelled during year	(128,742,000)	-	(128,742,000)	-
Balance at end of year	53,056,000	-	53,056,000	-

During the 2007 year the company sold its Chinese subsidiary company Guangdong JBC Biological Technology Co Limited and the rights to use Letu and associated products for \$180,000 and the cancellation of 128,742,000 ordinary shares and attaching options.

The 2,656,000 ordinary shares of 20 cents issued pursuant to a placement in 2006 had a free attached option exercisable at 30 cents each on or before 31 December 2009 and the 2,700,000 shares of 0.20 cents each issued pursuant to a placement in 2006 had one free option for each two shares issued exercisable at 30 cents each on or before 31 December 2009

**9. SEGMENTAL INFORMATION**

The company in 2008 operated in the investment market in Australia. In 2007 the Company operated in the bio-tech research and development industry based in China with an administrative office in Australia.

**10. RELATED PARTIES**

The names of each person holding the position of director during the financial year are Mr Colin Archer, Zhou Xiao Bo, and Michael Matchett.

All dealings are in the ordinary course of business and on normal commercial terms and conditions.

**11. DIRECTORS REMUNERATION**

No remuneration was paid to Directors during the year.

**12. CASHFLOW RECONCILIATION**

Reconciliation of operating profit with	2008	2007
Net cash provided by operating activities	\$	\$
Operating Profit (loss)	(178,693)	(404,163)
Add (less) non cash items		
Depreciation	-	-
Decrease/increase in operating assets and liabilities:		
Receivables	-	-
Creditors & borrowings	134,589	18,947
Net cash provided by operating activities	(44,104)	(385,216)

**13. EARNINGS PER SHARE ("EPS")**

	2008	2007
Basic earnings per share	\$(0.01)	\$(0.06)
Weighted average number of ordinary shares on issue used in calculation of basic earnings per share	54,406,000	54,406,000
Diluted earnings per share is not materially different from basic earnings per share		

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2008

**14. AUDITORS' REMUNERATION**

	Company	
	2008	2007
	\$	\$
Amount received or due and receivable by the auditor for:		
a) <b>Audit services</b>		
Chief entity auditor	8,000	8,000
Subsidiary company auditor	-	20,000
b) <b>Other services</b>		
Income tax return preparation	-	2,500
Total remuneration of auditors	<u>8,000</u>	<u>30,500</u>

The Company is satisfied that the non-audit services provided is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

**15. FINANCIAL INSTRUMENTS**

**(i) Significant accounting policies**

Details of significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the accounts.

**(ii) Interest rate risk**

The following table details the Company's exposure to interest rate risk as at the reporting date:

	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate Maturity Less than 1 year	Non-interest Bearing	Total
	%	\$	\$	\$	\$
<b>2008</b>					
<b>Financial Assets</b>					
Cash	-	-	-	554	554
Receivables	-	-	-	-	-
				<u>554</u>	<u>554</u>
<b>Financial liabilities</b>					
Accounts payable	-	-	-	1,392	1,392
				<u>1,392</u>	<u>1,392</u>
<b>2007</b>					
<b>Financial Assets</b>					
Cash	-	-	-	44,658	44,658
Receivables	-	-	-	133,197	133,197
				<u>177,855</u>	<u>177,855</u>
<b>Financial liabilities</b>					
Accounts payable	-	-	-	-	-
				<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

### 15. FINANCIAL INSTRUMENTS (Continued)

#### (iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

The Company does not have any significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

#### (iv) Net fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the accounts.

### 16. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the full Board of Directors as the Company believes that it is crucial for all board members to be involved in the process. The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

#### a) Market risk

##### (i) Foreign exchange risk

As all operations are currently in Australia the Company is not exposed to foreign exchange risk.

##### (ii) Price risk

Given the current level of operations the Company is not exposed to price risk.

##### (iii) Interest rate risk

The Company is exposed to movements in market interest rates on cash and cash equivalents. The Company's policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents \$554 is subject to interest rate risk.

##### *Sensitivity analysis*

As at 30 June 2008, if interest rates had changed by +/- 80 basis points from the weighted average rate for the year with all other variables held constant, the post tax loss of the company would not have been materially affected.

#### b) Credit Risk

The Company has no significant concentrations of credit risk.

#### c) Liquidity risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash is available to meet current and future commitments.

**d) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement for disclosure purposes. All financial assets and financial liabilities of the Company at the balance date are recorded at amounts approximating their carrying value.

**17. SUBSEQUENT EVENTS**

Subsequent to year end the Company acquired a wholly owned subsidiary, Australian Small Scale Offerings Board Limited by the issue of 130,574,400 ordinary shares at a deemed price of 10 cents, issued a prospectus to raise \$2,000,000 and changed its name to Start Securities Group Limited to better reflect its new focus. The financial effects of this transaction have not been recognised in the accounts. A new board of directors was appointed as a result of the acquisition at the company's General Meeting on 26 June 2008.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company in the financial year subsequent to the financial year ended 30 June 2008.



## DIRECTORS' DECLARATION


The Directors declare that::

- a) the attached financial statements and notes thereto comply with Accounting Standards;
- b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Company and consolidated entity;
- c) in the directors opinion, the attached financial statements and notes thereto are in accordance with the Corporation Act 2001; and
- d) 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.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

Signed at Sydney this 29th day of September 2008. This declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors



Brookes McTavish  
Director



Level 18, 6 O'Connell Street, Sydney NSW 2000 G.P.O. Box 2759, Sydney NSW 2001  
Phone 8815 5400 Facsimile 8815 5401 E-mail swan2000@bigpond.com

## **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF START SECURITIES LTD**

We have audited the accompanying financial report of Start Securities Ltd (the Company") which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company.

The Company has disclosed information as required by Australian Accounting Standard AASB 124 *Related Party Disclosures* ("remuneration disclosures") under the heading "Remuneration Report" in the directors' report as permitted by the Corporations Regulations 2001.

### **Directors Responsibility for the Financial Report**

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and 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 accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures in the Directors' report comply with AASB 124.

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

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

### **Independence**

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the Corporations Act 2001.



Chartered Accountants

Liability limited by the Accountants Scheme, approved  
under the Professional Standards Act 1994 (NSW).

**Audit opinion**

In our opinion the financial report of Start Securities Ltd is in accordance with the Corporations Act 2001, including:

- a) (i) giving a true and fair view of the Company's financial position as at 30 June 2008 and its performance for the year ended on that date; and  
(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b) the financial report also complies with International Financial Reporting Standards.
- c) the remuneration disclosures in the Directors' report comply with AASB 124



Rothsay



Graham Swan  
Partner

Dated <sup>14</sup>29 September 2008