

Australian Small Scale Offerings Board Limited
and its controlled entities
ABN 21 109 469 383

Financial Report
30 June 2009

Australian Small Scale Offerings Board Ltd and its controlled entities

Corporate Governance Statement

For the year ended 30 June 2009

The Board of Australian Small Scale Offerings Board Limited (ASSOB) 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.

ASSOB has been guided by the principles of corporate governance promoted by the National Stock Exchange of Australia (NSX). This statement outlines the main corporate governance practices followed by the Company, which take into account the operational and lifecycle requirements of the Company. The Company's corporate governance framework includes a Board Charter and various policies, which are reviewed each year.

Role of the Board

The Board's primary role is the overall operation and stewardship of the Company for the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for setting the overall strategic direction, financial objectives and operational goals of ASSOB and monitoring management's implementation of these. The Board is also responsible for overseeing succession planning for directors and senior management, determining remuneration for senior management and for directors (within shareholder approved limits), identifying and managing risk, monitoring the integrity of internal control and management information systems and approving and monitoring financial and other reporting.

The Board has delegated responsibility for the day to day operations and administration of the Company to the Chief Executive Officer and senior management and these responsibilities are delineated by formal delegated authority. These responsibilities are reviewed against appropriate performance indices and updated at regular intervals including annual salary reviews and setting of the Company's key milestones.

Board size and composition

The Board determines its size and composition, subject to the limits imposed by the Company's Constitution, which requires a minimum of three and a maximum of ten directors. The Directors have determined that for the time being the number of directors shall be a minimum of three. From time to time the Board may review the appropriate number of directors and may resolve to appoint additional directors who possess skills that will add value of the Board. New appointments are to be ratified by the members and the next Annual General Meeting.

Role of Chairman

The Chairman, who is elected by the Board, presides over Board meetings and General Meetings of the Company. The Chairman's responsibilities include providing effective leadership and ensuring effective performance of the Board and any committees and representing the views of the board to governments, the public etc. The Chairman is a non-executive director.

Board meetings

Board meetings are held in accordance with a calendar agreed to by Board members. The Chairman or any Director may convene additional meetings if required. The Chairman establishes meeting agendas to ensure adequate coverage of financial, strategic and major risk areas throughout the year.

Access to information and advice

All Directors have unrestricted access to ASSOB's records and information. The Board collectively, and each Director individually, has the right to seek independent professional advice at the Company's expense to help them carry out their responsibilities. While the Chairman's prior approval is required, it may not be unreasonably withheld and, in its absence, Board approval may be sought.

Committees

Due to the small size of the Company and the Board, those functions that are commonly delegated to committees are performed by the full Board.

Australian Small Scale Offerings Board Ltd and its controlled entities

Corporate Governance Statement

For the year ended 30 June 2009

Risk Management

Approach to risk management

Taking and managing risk are central to business and to building shareholder value. ASSOB's 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 the Company's vision and values, objectives and strategies, and procedures and training.

Risk management roles and responsibilities

The Board is responsible for approving and reviewing ASSOB's 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 the Company's activities.

Financial reporting

The Board receives regular reports about the financial condition and operational results of ASSOB. The Chief Executive Officer periodically provides formal statements to the Board that in all material respects:

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

Internal audit

There is no internal audit department. The assessment of the control system is undertaken by the Chief Executive Officer and the Board.

Conflict of interest

Any Director who has a conflict of interest must notify each other Director of this conflict prior to, or at the latest, at the first Board meeting subsequent to becoming aware of the conflict. Any services provided by Directors or transactions involving entities related to Directors must be on arms length terms and approved by the board.

Code of conduct

ASSOB has in place a Code of Conduct which deals with, amongst other areas, conflict of interest, personal gains and gifts, confidentiality, compliance with the law and policies and the work environment. All Directors and employees are bound by the Code of Conduct.

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Trading in Company securities

The Board has adopted a Securities Dealing Policy, which applies to all Directors and employees. The policy specifies the periods during which the purchase and sale of the securities may not occur and sets out a notification procedure concerning transactions.

Communication with shareholders

The Board has adopted a Continuous Disclosure Policy and has implemented a procedure to ensure the prompt release to the NSX of price sensitive information. Shareholder newsletters are sent to shareholders at times deemed appropriate by the Board.

All Board members and the external auditor attend the Annual General Meeting and are available to answer questions. Notice of the AGM, and related papers, is sent to all Shareholders at least 28 days before the meeting. Resolutions are proposed on each substantially separate issue, including in relation to the Annual Accounts and the Directors' Remuneration Report.

Australian Small Scale Offerings Board Ltd and its controlled entities

Directors' report

For the year ended 30 June 2009

The Directors present their report together with the financial report of Australian Small Scale Offerings Board Limited ('the Company') and of the Group, being the Company and its subsidiaries, for the financial year ended 30 June 2009 and the auditor's report thereon.

Directors

<i>Name, qualifications and independence status</i>	<i>Age</i>	<i>Experience, special responsibilities and other directorships</i>
Mr Anthony Puls Appointed on 25 November 2008 Dip REIA MAICD, Non-independent	61	Founder and Chairman Specialist experience in Class Order 02/273 and Section 708 of the Corporations Act, 2001
Mr Paul Niederer Appointed on 14 November 2008	56	Experience as CEO of ASX listed company Business establishment experience Director of Pearl Healthcare Limited
Ms Terrina Planincic Appointed on 16 December 2008	33	Legal experience
Ms Pathy Pathmanaban resigned on 19 January 2009	57	Corporate experience, CEO, Director of divisions of global corporations
Mr Lucas Mueller resigned on 14 January 2009	53	Business, investment experience, commercialising technology and early stage investment
Mr Peter Meyer resigned on 16 December 2008	63	Corporate experience, CEO, Director of divisions of global corporations
Ms Brookes McTavish MA, MSc Soc, MAICD, non- independent resigned on 11 November 2008	55	Corporate experience on private, public and ASX-listed boards, Coordination of Initial Public Offering
Ms Robin Golding B Comm & Admin, Dip Fin Svs, FCTP, CFTP (Snr), Mlstd, FAICD resigned on 9 October 2008	64	Experience in financial markets as senior manager, CEO and at board level in global corporations and investment and funds management
Ms Colin Archer resigned on 12 September 2008	60	Corporate experience

Company Secretary

Ms Susan Williams BA(Acc), MBA, Grad.Dip.App.Corp.Gov. was appointed as Company Secretary in September 2008. Ms Williams is a CPA and Chartered Secretary. She has previously held the role of Chief Financial Officer and Company Secretary of another listed public entity and prior to that held executive and management roles with various organisations.

Australian Small Scale Offerings Board Ltd and its controlled entities

Directors' report

For the year ended 30 June 2009

Principal activities

The business of the Australian Small Scale Offerings Board Limited (ASSOB) is a matching service between investors and companies raising capital under the Class Order 02/273 and Section 708 of the Corporations Act, 2001. The Board operates through around 25 Member organisations that act like nominated advisors and clients are not able to "list" on the Board without the facilitation of the Member.

Fees are charged for the preparation of capital structures and Offer Documents for the clients which after "listing" become Issuers. The Issuers are taken through an instructional/coaching process by the Members that ensures that they develop good governance and compliance disciplines while they raise capital and afterwards. This provides transparency, certainty and comfort for both the Issuers and the investors that results in more likelihood that the necessary capital is raised. A success fee taken as a percentage of the capital raised is split between the Company and the Member.

All investor transactions are undertaken by a custodial service operated by Pitcher Partners accounting firm and are subject to the regulations of the Pitcher Partners Trust Account.

The principal activities of the Company during the course of the financial year are:

- 1 Operating a matching service between investors and companies raising capital under Class Order 02/273 and Section 708 of the Corporations Act, 2001;
- 2 Providing that service to affiliated Members of the ASSOB network that pass it on to their clients; and
- 3 Related marketing and promotional activities.

There were no other significant changes in the nature of these activities during the year.

Consolidated entity result

The net loss of the consolidated entity for the period after income tax was \$4,787,301, (2008 loss \$178,693).

Review of operations

The Company made a loss before tax and goodwill write down of \$1.609 million. The majority of this loss \$1.27 million was in the first half of the year.

With the inclusion of \$3.2 million for Goodwill impairment and the tax adjustment associated with this the overall loss for the year was \$4.78 million.

Since the appointment of the new board of directors in late 2008 significant steps have been taken to reduce the ongoing cost basis of the group. The global financial crisis continued to affect income from capital raising in the second half of the year and while indications are that things are improving the Directors' continue to focus operations on ASSOB's core business of matching small to medium businesses requiring capital with investors.

Since the preliminary final report was lodged with the National Stock Exchange (NSX) the Directors have further evaluated the decision to continue carrying the balance of goodwill in the books and have decided that it is prudent to write all of the goodwill off. This resulted in an additional expense of \$1,500,000 goodwill impairment. This amount makes a total of \$3,202,448 goodwill written off for the financial year and is a major portion of the loss recorded. Also deferred tax assets have been reduced by \$117,102 since the preliminary final report was lodged.

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial period under review, not otherwise disclosed in the Annual Report.

Australian Small Scale Offerings Board Ltd and its controlled entities

Directors' report

For the year ended 30 June 2009

Events subsequent to the balance sheet date

The Directors are not aware of any matter or circumstance, since the end of the financial year, not otherwise dealt with in the report that, in the Directors' opinion is likely to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

Summary of performance

		2005*	2006*	2007*	2008*	2009
Gross revenue	\$'000	672	571	11	-	1,717
Net profit before tax	\$'000	(34,965)	(1,221)	(404)	(179)	(4,787)
Total assets	\$'000	4,402	799	178	1	358
Total liabilities	\$'000	3,864	411	-	1	681
Shareholders' funds	\$'000	539	388	178	(1)	(322)
Earnings per share	Cents	(19.7)	(0.7)	(0.7)	(0.3)	(4.02)
Dividends per share	Cents	-	-	-	-	-
Net tangible assets per share	Cents	(1.8)	0.21	0.33	(0.0)	(0.29)
Price earnings ratio		-	(37.49)	(4.04)	(3.04)	(0.25)

* Prior to the merger completed on 26 August 2008 the Company was operating as Appollo Assets Limited, which is reflected in the first four years of this table.

Likely developments and expected results from operations

Due to the ongoing management of costs, increased marketing activities and improvements in the global financial conditions, the Directors expect the Company's operations to continue to improve in line with the improvements achieved from the first to the second half of the year ended 30 June 2009.

Group entities

The subsidiaries of Australian Small Scale Offerings Board Limited at balance date were:

ASSOB Pty Ltd, Executive Equity Pty Ltd, ASSOB Private Pty Ltd, Business Equity Release Pty Ltd and ASSOB Media Services Pty Ltd, Start Innovation Services Pty Ltd and Start Innovation Management Pty Ltd. Each of these subsidiaries is incorporated in Australia.

All of the Company's business is transacted through ASSOB Pty Ltd. The Company sold 100% of its shareholdings in Start Innovation Services Pty Ltd and Start Innovation Management Pty Ltd on 1 July 2009 as part of the sale of the Start Innovation Fund.

Australian Small Scale Offerings Board Ltd and its controlled entities

Directors' report

For the year ended 30 June 2009

Top ten shareholders

The following table represents the top ten shareholders as at 30 June 2009.

Rank	Shareholder	No. of Shares	No. of Options
1	Lion Bridge Investments Pty Ltd	37,522,665	-
2	Mr Anthony Franz Lucien Puls & Ms Paulette Susan Kulak	31,978,357	-
3	Fortuna Capital Partners Pty Ltd	27,720,123	-
4	Gecko Capital Pty Ltd	18,014,443	-
5	Red Water Dragon Pty Ltd	2,562,493	-
6	Mr Robin Hamilton Golding	2,129,245	-
7	Mariapillai Pathmanaban	1,261,290	-
8	Ryhat Establishment	875,000	875,000
9	Xiao Bo Zhou	874,000	874,000
10	Four Brothers Developments Pty Ltd	861,632	-

Directors' and Officers' interests in shares

Directors' interests ordinary shares of Australian Small Scale Offerings Board Limited

Director	30 June 2009	30 June 2008*
Mr Anthony Puls	49,642,800	-
Mr Paul Niederer	350,000	-
Ms Terrina Planincic	-	-

Officer

Ms Susan Williams	25,000	-
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No Director or Officer holds any option in the Company or any other right to subscribe for equity or debt securities in ASSOB.

* The Company was Appollo Assets Limited prior to the merger on 26 August 2008.

Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Board Meetings	
	No. of Meetings while Director Held Office	No. Attended
Mr Anthony Puls	4	4
Mr Paul Niederer	4	4
Ms Terrina Planincic	3	3
Mr Pathy Pathmanaban	4	3
Mr Lucas Mueller	7	6
Mr Peter Meyer	4	4
Ms Brookes McTavish	6	6
Mr Robin Golding	3	3
Mr Colin Archer	1	1

Australian Small Scale Offerings Board Ltd and its controlled entities

Directors' report

For the year ended 30 June 2009

Indemnification of officers

During the year, Directors and Executive officers of Australian Small Scale Offerings Board Limited were insured as part of an insurance policy undertaken against a liability of a nature that is required to be disclosed under the Corporations Act. In accordance with the Corporations Act 2001 further details have not been disclosed due to confidentiality provisions in the insurance contract.

Directors' benefits

Mr Anthony Puls has provided a loan to the Company under a loan agreement by which interest at 10% per annum is payable. For the year ended 30 June 2009 an amount of \$0 interest was paid or payable by the Company to Mr Puls. During the year Gecko Capital Pty Ltd, of which Mr Puls is a director and shareholder, received \$3,300 for the provision of a training session.

No Director has received or become entitled to receive a benefit by reason of a contract made by the company or a controlled entity with the Director or a firm of which the Director has a substantial financial interest other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the Remuneration Report.

Remuneration report (audited)

This report outlines Australian Small Scale Offerings Board Limited's remuneration policy for Directors and Key Management Personnel (KMP) in accordance with AASB124 Related Party Disclosures and the requirements of the Corporations Act 2001. There were no other transactions with Key Management Personnel during the year.

(i) Principles used to determine the nature and amount of remuneration

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.

(ii) Non-executive Directors

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. 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.

(iii) Retirement allowances for Directors

No retirement allowances other than superannuation as required under the Superannuation Guarantee Act are paid to Directors.

(iv) Service contracts

None of the Directors are employed under fixed period service contracts. Mr Paul Niederer (Chief Executive Officer) and Ms Terrina Planincic (Legal Counsel) are employed under ongoing employment contracts.

During the year the Company had a contract with a former director, Ms Brookes McTavish (former Chief Executive Officer), former Director Mr Lucas Mueller (former Chief Executive Officer of the Start Innovation Fund) and former Director Mr Robin Golding (former Chief Executive Officer of Start Securities Limited, which has since changed its name to ASSOB Private Pty Ltd). Each of these contracts terminated during the year.

Australian Small Scale Offerings Board Ltd and its controlled entities

Directors' report

For the year ended 30 June 2009

(v) Executive pay

Compensation levels for key management personnel of the Company are set up to attract and retain appropriately qualified and experienced individuals.

Details of remuneration (audited)

(a) Directors

The Directors named in the Directors' Report each held office as a Director of Australian Small Scale Offerings Board Limited during the year ended 30 June 2009.

(b) Other Key Management Personnel

The following persons were the executives having greatest authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year.

Name	Position	Employer
Mr Paul Niederer	Chief Executive Officer	ASSOB Pty Ltd
Ms Terrina Planincic	Legal Counsel	ASSOB Pty Ltd

Mr Paul Niederer was appointed as Chief Executive Officer on 6 October 2008. Ms Terrina Planincic was Legal Counsel for the wholly-owned subsidiary, ASSOB Pty Ltd prior to the merger with the Company, which was completed on 26 August 2008.

(c) Key Management Personnel and Directors Compensation

	Australian Small Scale Offerings Board Limited		Consolidated	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	-	-	256,157	-
Post-employment benefits	-	-	17,024	-
Other long-term benefits	-	-	-	-
Share-based payments	-	-	60,591	-
	-	-	339,772	-

Australian Small Scale Offerings Board Ltd and its controlled entities

Directors' report

For the year ended 30 June 2009

Directors' and senior executives' remuneration (Company and Consolidated) – audited (continued)

Company & Consolidated		Short-term benefits			Post-employment	Other long term	Share-based payments	Total
		Salary & fees	Bonuses (A)	Non-cash benefits (1)	Super-annuation benefits		Options issued (B)	
<i>In AUD</i>		\$	\$	\$	\$	\$	\$	\$
Directors – Non-								
Mr Anthony Puls	2009	12,000	-	4,400	-	-	-	16,400
	2008	-	-	-	-	-	-	-
Mr Pathy Pathmanaban	2009	-	-	6,129	-	-	-	6,129
	2008	-	-	-	-	-	-	-
Mr Peter Meyer	2009	-	-	6,129	-	-	-	6,129
	2008	-	-	-	-	-	-	-
Mr Colin Archer	2009	-	-	-	-	-	-	-
	2008	-	-	-	-	-	-	-
Directors – Executive								
Mr Paul Niederer	2009	60,443	-	-	5,440	-	5,133	71,016
	2008	-	-	-	-	-	-	-
Ms Terrina Planincic	2009	64,682	-	-	5,821	-	-	70,503
	2008	-	-	-	-	-	-	-
Mr Lucas Mueller	2009	51,530	-	-	4,638	-	8,800	64,968
	2008	-	-	-	-	-	-	-
Ms Brookes McTavish	2009	55,002	-	-	-	-	-	55,002
	2008	-	-	-	-	-	-	-
Mr Robin Golding (2)	2009	12,500	-	-	1,125	-	36,000	49,625
	2008	-	-	-	-	-	-	-
Key Management								
N/a	2009	-	-	-	-	-	-	-
	2008	-	-	-	-	-	-	-

1. Non-cash benefits were paid as shares issued at \$0.10 per share
2. Mr Robin Golding received 2,000,000 shares at \$0.10 per share as consideration for the Company's use of Australian Financial Services License (AFSL) number 269868 and Mr Golding's office as Responsible Manager under the AFSL for 12 months and fees as Director of the parent company. The Director fees component of this share issue was \$36,000.

Australian Small Scale Offerings Board Ltd and its controlled entities

Directors' report

For the year ended 30 June 2009

Details of remuneration (continued)

(d) Share holdings with Directors and Director related entities

The aggregate number of shares issued/(redeemed) to Directors of Australian Small Scale Offerings Board Limited and their Director related entities during the year were:

Issuing entity	2009	2008
Australian Small Scale Offerings Board Limited	2,330,913	-

All issues were made on terms and conditions no more favourable than those offered to other shareholders.

The aggregate number of shares held by Directors of Australian Small Scale Offerings Board Limited and its related entities at balance date were:

Issuing entity	2009	2008
Australian Small Scale Offerings Board Limited	49,992,800	1,449,050

No options were held by Directors at balance date.

Transaction type and class of other party

	Australian Small Scale Offerings Board Limited	
	2009	2008
	\$	\$
Purchases from Directors	-	-
Sale to Directors	-	-

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or Group are important. Details of the amounts paid or payable to the auditor (Rothsay) for audit and non-audit services provided during the year are set out below.

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* and that none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

	2009	2008
	\$	\$
Audit services	12,000	8,000
Non-audit services	-	-

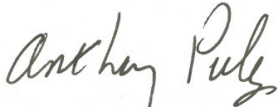
Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 48 following the auditors' report.

Australian Small Scale Offerings Board Ltd and its controlled entities
Directors' report
For the year ended 30 June 2009

This report is made with a resolution of the Directors.

For and on behalf of the Board.

A handwritten signature in dark ink, appearing to read 'Anthony Puls', written in a cursive style.

Anthony Puls
Chairman

Dated at Bundall this 30th of September 2009

Australian Small Scale Offerings Board Ltd and its controlled entities

Income statement

For the year ended 30 June 2009

In AUD

		Consolidated		Company	
	Note	2009	2008	2009	2008
Revenue		1,710,266	-	-	-
Employee benefits expense		(883,176)	-	(155,563)	-
Depreciation and amortisation expenses		(40,286)	-	-	-
Sales and marketing expenses		(91,451)	(1,028)	(20,633)	(1,028)
Cost of sales		(582,039)	(5,998)	-	(5,998)
Occupancy costs		(179,030)	-	(92,617)	-
Impairment of assets		(3,202,448)	-	(3,202,448)	-
Other expenses		(1,522,132)	(171,667)	(890,643)	(171,667)
Profit before financing costs		(4,790,296)	(178,693)	(4,361,904)	(178,693)
Financial income	9	6,241	-	-	-
Financial expenses	9	(27,820)	-	-	-
Net financing costs		(21,579)	-	-	-
Profit before tax		(4,811,875)	(178,693)	(4,361,904)	(178,693)
Income tax benefit	10	24,573	-	3,600	-
Profit for the year		(4,787,301)	(178,693)	(4,358,304)	(178,693)
Earnings per share					
Basic earnings per share (cents)	22	(4.02)	(0.33)	(3.66)	(0.33)
Diluted earnings per share (cents)	22	(3.85)	(0.33)	(3.51)	(0.33)

The income statement are to be read in conjunction with the Notes to the consolidated financial statements set out on pages 17 to 43

Australian Small Scale Offerings Board Ltd and its controlled entities

Statements of recognised income and expense

For the year ended 30 June 2009

In AUD

	<i>Note</i>	Consolidated		Company	
		2009	2008	2009	2008
Net income recognised directly in equity		-	-	-	-
Profit for the year		(4,787,301)	(178,693)	(4,358,304)	(178,693)
Total recognised income and expense for the year		(4,787,301)	(178,693)	(4,358,304)	(178,693)

The statements of recognised income and expense are to be read in conjunction with the Notes to the consolidated financial statements set out on pages 17 to 43

Australian Small Scale Offerings Board Ltd and its controlled entities

Balance sheets

As at 30 June 2009

In AUD

		Consolidated		Company	
	Note	2009	2008	2009	2008
Assets					
Cash and cash equivalents	24(a)	33,799	554	-	554
Trade and other receivables	11	61,988	-	-	-
Other assets	12	21,550	-	-	-
Total current assets		117,337	554	-	554
Non-current assets					
Investments	13	-	-	762,208	-
Property, plant and equipment	15	120,371	-	-	-
Deferred tax assets	14	38,713	-	3,600	-
Intangible assets	16	82,032	-	-	-
Total non-current assets		241,117	-	765,808	-
Total assets		358,454	554	765,808	554
Liabilities					
Trade and other payables	17	432,165	1,392	-	1,392
Employee benefits	19	11,981	-	-	-
Borrowings	18	24,191	-	-	-
Provisions	20	12,000	-	12,000	-
Total current liabilities		480,337	1,392	12,000	1,392
Non-current liabilities					
Trade and other payables	17	199,457	-	849,613	-
Employee benefits	19	1,357	-	-	-
Total non-current liabilities		200,814	-	849,613	-
Total liabilities		681,151	1,392	861,613	1,392
Net assets		(322,697)	(838)	(95,805)	(838)
Equity					
Issued capital	21	15,290,647	10,825,200	15,088,547	10,825,200
Reserves		-	-	-	-
Accumulated losses		(15,613,344)	(10,826,038)	(15,184,352)	(10,826,038)
Total equity	21	(322,697)	(838)	(95,805)	(838)

The statements of balance sheets are to be read in conjunction with the Notes to the consolidated financial statements set out on pages 17 to 43

Australian Small Scale Offerings Board Ltd and its controlled entities

Statement of cash flows

For the year ended 30 June 2009

In AUD

		Consolidated		Company	
	Note	2009	2008	2009	2008
Cash flows from operating activities					
Cash receipts from customers		1,776,952	133,197	-	133,197
Cash paid to suppliers and employees		(1,913,451)	(177,301)	(890,767)	(177,301)
Cash used in operations		(136,499)	(44,104)	(890,767)	(44,104)
Interest received		6,241	-	-	-
Interest paid		(27,820)	-	-	-
Net cash from operating activities	24(b)	(158,078)	(44,104)	(890,767)	(44,104)
Cash flows from investing activities					
Acquisition of property, plant and equipment	15	(30,634)	-	-	-
Capitalised website	16	(36,476)	-	-	-
Acquisition of subsidiaries, net of cash acquired and acquisition of businesses	8	24,976	-	-	-
Net cash from investing activities		(42,134)	-	-	-
Cash flows from financing activities					
Proceeds from the issue of share capital		40,600	-	40,600	-
Repayment of borrowings		(6,363)	-	-	-
Loans from/(to) related parties	26	199,457	-	849,613	-
Net cash from financing activities		233,457	-	890,213	-
Net (decrease)/increase in cash and cash equivalents		33,245	(44,104)	(554)	(44,104)
Cash and cash equivalents at 1 July		554	44,658	554	44,658
Cash and cash equivalents at 30 June	24(a)	33,799	554	-	554

The statements of cash flows are to be read in conjunction with the Notes to the consolidated financial statements set out on pages 17 to 43

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements

1. Reporting entity

Australian Small Scale Offerings Board Ltd (the 'Company') is a Company domiciled in Australia.

The address of the Company's registered office is:

Corporate Centre One Level 15

2 Corporate Court

Bundall QLD Australia 4217

The consolidated financial statements of the Company as at and for the year ended 30 June 2009 comprise the Company and its subsidiaries and jointly controlled entities (together referred to as the 'Group'). The Group is primarily involved in the operation of a matching service between investors and companies raising capital under Class Order 02/273 and Section 708 of the Corporations Act, 2001.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company also comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 30 September 2009.

(b) Basis of measurement

The financial report is prepared on the historical cost basis except for the following:

- Trade and other receivables are measured at the present value of future cash flows, discounted at the market rate of interest at reporting date. Inter-entity receivables are carried at cost less impairment charges.
- Financial assets at fair value through the profit or loss, available-for-sale and held-to-maturity financial assets are measured at fair value.
- Interest-bearing loans and borrowings are measured at fair value based on discounted expected future principal and interest cash flows.

The methods used to measure fair value are discussed further in Note 4.

(c) Functional and presentation currency

- These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the Group.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

During the year, management reassessed estimates in respect of the recoverable amount of goodwill.

Other significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty remain the same as those applied in the 2008 financial report.

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements continued

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- note 8 – acquisition of subsidiaries and businesses.
- note 18 – intangible assets including impairment tests for cash generating units containing goodwill.
- note 23 – measurement of share based payments.
- note 24 – provisions.
- note 25 – capital and reserves.
- note 31 – contingencies.

(e) Going concern

As at 30 June 2009 the Group had an excess of current liabilities over current assets of \$363,000 (2008: \$838). The financial report has been prepared on the basis that the Group is a going concern, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

In determining this basis, the Directors have had regard to the following:

- positive cash flow projections for the Group
- directors being the major shareholders of the company who provide funds when required
- the raising funds through issuing ordinary shares to supplement funding of working capital

Based on the above, the Directors are of the opinion that the Group will continue to be able to meet its obligations as they become due and payable over the next twelve months.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align with the policies adopted by the Group.

In the Company's financial statements, investments in subsidiaries are carried at cost.

(ii) Jointly controlled entities (proportionately consolidated investees)

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Jointly controlled entities are accounted for using the proportionate consolidation method. The consolidated financial statements include the Group's share of income, expenses, assets and liabilities, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as detailed in the following paragraphs.

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements continued

Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related tax effects.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

(c) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

(ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

(iii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the profit or loss as an expense as incurred.

(iv) Depreciation

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful lives in the current and comparative periods are:

- plant and equipment : 3-10 years

The residual value, the useful lives and the depreciation method are reassessed at the reporting date.

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements continued

3. Significant accounting policies (continued)

(d) Intangible assets

The intangible assets of the Group and the Company comprise the following:

(i) Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Computer Software

Developed

Expenditure on software development activities whereby development is applied to plan or design improved products and processes, is capitalised if the product is technically and commercially feasible and the Group has sufficient resources to complete the development. Costs directly attributable to the development of software are capitalised including salaries of programmers in creating new enhancements to the software.

Expenditure on research activities, undertaken with the prospect of enhancing software is recognised in profit or loss as an expense as incurred.

Maintenance costs of internally developed software are expensed in profit or loss.

Purchased

The cost of software purchased from third parties and licensed to customers for use is capitalised.

(iii) Other intangible assets

Other intangible assets comprising customer relationships, brand names, and non-compete agreements that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the profit or loss when incurred.

(v) Statements of cash flows disclosure

Capitalised cost of data and software are disclosed in the statements of cash flows as investing activities, whereas costs which are expensed as incurred are disclosed as operating activities.

(e) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the Group's balance sheet.

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements continued

3. Significant accounting policies (continued)

(f) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost and is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit or loss. Any cumulative losses in respect of an available-for-sale financial asset recognised previously in equity are transferred to the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

(i) Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from the employee's services provided to reporting date. The amounts are undiscounted and based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as cars, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements continued

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service by the employee, and the obligation can be estimated reliably.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods, plus related on-costs, discounted to present value less the fair value of any related assets. The discount rate is the yield at the reporting date on national government bonds that have maturity rates approximating the terms of the Group's obligation. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in the profit or loss in the period in which they arise.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except for those that fail to vest due to market conditions not being met.

When the Company grants options over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investments in subsidiaries, with a corresponding increase in equity over the vesting period of the grant.

(h) Provisions

A provision is recognised, if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Revenue

Services rendered

Revenue from memberships and listing fees are recognised when services relating to same are performed.

Revenue from transaction based services is measured at the fair value of the consideration received and receivable, net of returns and allowances.

(j) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense and spread over the lease term.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements continued

3. Significant accounting policies (continued)

(k) Finance income and expenses

Finance income comprises interest income on funds invested, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in profit or loss. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Finance expenses comprise interest on borrowings. All borrowing costs are recognised in the profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(l) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction which is not a business combination that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future. In addition, deferred tax is not recognised on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Tax consolidation

The Company and its wholly-owned Australian resident entities have not formed a tax-consolidated group.

(m) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise warrants and share options granted to employees.

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements continued

3. Significant accounting policies (continued)

(o) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly loans and borrowings and related expenses, corporate assets and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(p) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in this financial report.

- AASB 8 *Operating Segments* introduces the “management approach” to segment reporting. AASB 8, which becomes mandatory for the Group’s 30 June 2010 financial statements, will require the disclosures of segment information based on the internal reports regularly reviewed by the Group’s Chief Operating Decision Maker in order to assess each segment’s performance and to allocate resources to them. Currently the Group presents segment information in respect of its business and geographical segments (see Note 6). The Group has not yet determined the potential effect of the new standard on the Group’s disclosures.
- Revised AASB 101 *Presentation of Financial Statements* introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Group’s 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group’s disclosures.
- Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group’s 30 June 2010 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. Therefore there will be no impact on prior periods in the Group’s 30 June 2010 financial statements.
- Revised AASB 3 *Business Combinations* changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Key changes include: the definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations; contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss; transaction costs, other than share and debt issue costs, will be expensed as incurred; any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss; any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis. The revised standard becomes mandatory for the Group’s 30 June 2010 financial statements, and will be applied prospectively and therefore there will be no impact on prior periods in the Group’s 2010 consolidated financial statements.
- AASB 2008-1 *Amendments to Australian Accounting Standard – Share Based Payment: Vesting Conditions and Cancellations* clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to AASB 2 will be mandatory for the Group’s 30 June 2010 financial statements, with retrospective application. The Group has

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements continued

not yet determined the potential effect of the amendment.

- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Process* and 2008-6 *Further Amendments to Australian Accounting Standards arising from The Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2010 financial statements, are not expected to have any impact on the financial statements.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which the property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

(ii) Intangible assets

The fair values of assets acquired in business combinations are based on the following for each category of intangible asset:

- Goodwill – discounted cash flows expected to be derived from their use.

(iii) Trade and other receivables

Trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Receivables between entities within the Group are carried at cost less any impairment charges.

(iv) Investments in equity securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(v) Share-based payment transactions

The fair value of employee share options is measured using a trinomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(vi) Interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

5. Financial risk management

Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is responsible for developing and monitoring risk management policies.

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements continued

Risk management policies are established to identify and analyse the risks faced by the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities. The Company and Group, through their training and management standards and procedures, aim to develop a disciplined and constructive environment in which all employees understand their roles and obligations. The Board oversees how management monitors compliance with the Company's and Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Company and Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. For the Company it arises from receivables due from subsidiaries.

Trade and other receivables

The Company's and Group's exposure to credit risk is influenced by the characteristics of each customer and the industry in which the customers operate.

- Geographically credit risk is concentrated in Australia.

The Company and Group have established an allowance for impairment that represents their estimate of expected losses in respect of trade and other receivables and investments.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors cash flow requirements from its businesses to optimise its return on cash. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is not exposed to currency risk.

Interest rate risk

The Group does not adopt a policy of hedging its exposure to changes in interest rates.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements (continued)

6. Segment reporting

Geographical segments

The business operates in one geographical area, Australia.

Business segments

The business of the Group is a matching service between investors and companies raising capital under the Class Order 02/273 and Section 708 of the Corporations Act, 2001. Fees are charged for the preparation of capital structures and Offer Documents for the clients which after "listing" become Issuers.

7. Personnel expenses

<i>In AUD</i>	Note	Consolidated		Company	
		2009	2008	2009	2008
Wages and salaries		777,308	-	142,913	-
Other associated personnel expenses		106,193	-	12,650	-
Contributions to defined contribution plans		-	-	-	-
Increase in liability for annual leave		(1,682)	-	-	-
Increase in liability for long-service leave		1,357	-	-	-

8. Acquisition of subsidiaries and businesses

Pre-acquisition carrying value amounts were determined based on applicable AASBs immediately before the acquisition. The values of assets, liabilities, and contingent liabilities recognised on acquisition are their estimated fair values.

The goodwill recognised on the acquisition is attributable mainly to the synergies expected to be achieved from integrating the Company into the Group's existing business, and where applicable the skills and technical talent of the workforce.

Share acquisition

ASSOB Pty Ltd

On 26 August 2008, Australian Small Scale Offerings Board Limited completed the acquisition of 100% of the shares of ASSOB Pty Ltd in accordance with the terms of the merger and implementation agreement dated 1 August 2008. The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

<i>In AUD</i>	Note	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
Plant and equipment	15	175,584	175,584	175,584
<i>Intangible assets</i>				
- Goodwill	16	3,202,448	3,202,448	3,202,448
Trade and other receivables		1,018,982	1,018,982	1,018,982
Cash and cash equivalents		24,976	24,976	24,976
Trade and other payables		(386,858)	(386,858)	(386,858)
Employee entitlements		(70,476)	(70,476)	(70,476)
Net identifiable assets and liabilities		3,964,656	3,964,656	3,964,656
Goodwill on acquisition				-
Consideration				
- shares				3,964,656
- cash				-
Cash acquired				(24,976)
Net cash outflow/(inflow)				(24,976)

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements (continued)

In the 11 months to 30 June 2009 the acquisition contributed a loss of \$428,997.

If the acquisition had occurred on 1 July 2008, management estimates that consolidated revenue would have been \$0 higher and consolidated loss for the year would have increased by \$148,626. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisitions occurred on 1 July 2008.

9. Finance income and expense

<i>In AUD</i>	Consolidated		Company	
	2009	2008	2009	2008
Interest income	6,241	-	-	-
Financial income	6,241	-	-	-
Interest expense	27,820	-	-	-
Financial expenses	27,820	-	-	-
Net financing costs/(income)	21,579	-	-	-

10. Income tax expense

Recognised in the profit or loss

<i>In AUD</i>	<i>Note</i>	Consolidated		Company	
		2009	2008	2009	2008
Current tax expense					
Current year		-	-	-	-
Adjustments for prior periods		-	-	-	-
Deferred tax expense					
Origination and reversal of temporary differences		(24,573)	-	(3,600)	-
Total income tax expense/ (benefit)		(24,573)	-	(3,600)	-

Numerical reconciliation between tax expense and pre-tax net profit

<i>In AUD</i>	<i>Note</i>	Consolidated		Company	
		2009	2008	2009	2008
Loss before tax		4,787,301	-	4,358,304	-
Income tax using the domestic corporation tax rate of 30% (2008: 30%)		(1,436,190)	-	(1,307,491)	-
Increase/(decrease) in income tax expense due to:					
Non-deductible goodwill impairment		960,734	-	960,734	-
Non taxable income/deductible expenses		515	-	3,600	-
Tax losses not brought to account		450,368	-	346,757	-
Income tax benefit on pre-tax profit		24,573	-	3,600	-

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements (continued)

11. Trade and other receivables

<i>In AUD</i>	<i>Note</i>	Consolidated		Company	
		2009	2008	2009	2008
Current					
Trade receivables		61,998	-	-	-
		61,998	-	-	-

- The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in Note 23.

12. Other assets

<i>In AUD</i>	<i>Note</i>	Consolidated		Company	
		2009	2008	2009	2008
Deposits		21,550	-	-	-
		21,550	-	-	-

13. Investments

<i>In AUD</i>	<i>Note</i>	Consolidated		Company	
		2009	2008	2009	2008
Non Current					
Investment in subsidiaries		-	-	3,964,656	-
Impairment loss		-	-	(3,202,448)	-
		-	-	762,208	-

- The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in Note 23.

14. Tax assets and liabilities

Non-Current tax assets and liabilities

Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<i>Consolidated</i> <i>In AUD</i>	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
Trade and other receivables	(28,106)	-	-	-	(28,106)	-
Property, plant and equipment	(4,964)	-	9,830	-	4,866	-
Tax bases without an asset carrying amount	(7,872)	-	-	-	(7,872)	-
Provisions and employee benefits	(7,601)	-	-	-	(7,601)	-
Tax losses	-	-	-	-	-	-
Tax (assets) / liabilities	(48,543)	-	9,830	-	(38,713)	-
Set off of tax	9,830	-	(9,830)	-	-	-
Net tax (assets) / liabilities	(38,713)	-	-	-	(38,713)	-

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements (continued)

Company

In AUD

	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
Trade and other receivables	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	-
Tax bases without an asset carrying amount	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-
Provisions and employee benefits	(3,600)	-	-	-	(3,600)	-
Tax losses	-	-	-	-	-	-
Tax (assets) / liabilities	-	-	-	-	-	-
Set off of tax	-	-	-	-	-	-
Net tax (assets) / liabilities	(3,600)	-	-	-	(3,600)	-

14. Tax assets and liabilities

Movement in temporary differences during the year

Consolidated

In AUD

	Balance 1 July 07	Balance 30 June 08	Recognised in profit or loss	Acquired in business combinations	Balance 30 June 09
Trade and other receivables	-	-	(28,106)	-	(28,106)
Intangible assets	-	-	-	-	-
Property, plant and equipment	-	-	4,866	-	4,866
Tax bases without an asset carrying amount	-	-	-	(7,872)	(7,872)
Trade and other payables	-	-	-	-	-
Provisions and employee benefits	-	-	(7,601)	-	(7,601)
Loss from business operations	-	-	-	-	-
	-	-	(30,841)	(7,872)	(38,713)

Company

In AUD

Trade and other receivables	-	-	-	-	-
Intangible assets	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-
Tax bases without an asset carrying amount	-	-	-	-	-
Trade and other payables	-	-	-	-	-
Provisions and employee benefits	-	-	(3,600)	-	(3,600)
Loss from business operations	-	-	-	-	-
	-	-	(3,600)	-	(3,600)

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements (continued)

15. Property, plant and equipment

In AUD

	<i>Note</i>	Consolidated	Company
Cost			
Balance at 1 July 2007		-	-
Balance at 30 June 2008		-	-
Balance at 1 July 2008		-	-
Additions		30,634	-
Subsidiary/business acquisitions		122,175	-
Balance at 30 June 2009		152,809	-
Depreciation and impairment losses			
Balance at 1 July 2007		-	-
Balance at 30 June 2008		-	-
Balance at 1 July 2008		-	-
Depreciation for the year		(32,438)	-
Balance at 30 June 2009		(32,438)	-
Carrying amounts			
At 1 July 2007		-	-
At 30 June 2008		-	-
At 1 July 2008		-	-
At 30 June 2009		120,371	-

16. Intangible assets

In AUD

	Website	Consolidated Goodwill	Total	Website	Company Goodwill	Total
Cost						
Balance at 1 July 2007	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance at 30 June 2008	-	-	-	-	-	-
Balance at 1 July 2008	-	-	-	-	-	-
Additions and costs capitalised	36,476	-	36,476	-	-	-
Subsidiary/business acquisitions	53,404	3,202,448	3,255,852	-	-	-
Balance at 30 June 2009	89,880	3,202,448	3,292,328	-	-	-
Amortisation and impairment losses						
Balance at 1 July 2007	-	-	-	-	-	-
Balance at 30 June 2008	-	-	-	-	-	-
Balance at 1 July 2008	-	-	-	-	-	-
Amortisation for the year	(7,848)	-	(7,848)	-	-	-
Impairment	-	(3,202,448)	(3,202,448)	-	-	-
Balance at 30 June 2009	(7,848)	(3,202,448)	(3,210,296)	-	-	-
Carrying amounts						
At 1 July 2007	-	-	-	-	-	-
At 30 June 2008	-	-	-	-	-	-
At 1 July 2008	-	-	-	-	-	-
At 30 June 2009	82,032	-	82,032	-	-	-

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements (continued)

16. Intangible assets (continued)

Amortisation and impairment charge

The amortisation and impairment charge is recognised in the following line items in the profit or loss:

<i>In AUD</i>	Consolidated		Company	
	2009	2008	2009	2008
Amortisation	(7,848)	-	-	-
Impairment of assets	(3,202,448)	-	(3,202,448)	-
	(3,210,296)	-	(3,202,448)	-

Impairment tests for cash generating units containing goodwill

For the purposes of impairment testing, goodwill is allocated to the Group as a whole which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill are as follows:

<i>In AUD</i>	Consolidated		Company	
	2009	2008	2009	2008
Group	-	-	-	-
	-	-	-	-

The values assigned to the key assumptions represent management's assessment of future trends in the applicable businesses and are based on both external sources and internal sources of historical data.

17. Trade and other payables

<i>In AUD</i>	<i>Note</i>	Consolidated		Company	
		2009	2008	2009	2008
Current					
Trade payables		224,336	-	-	-
Other payables and accrued expenses		207,829	1,392	-	-
		432,165	1,392	-	-

<i>In AUD</i>	<i>Note</i>	Consolidated		Company	
		2009	2008	2009	2008
Non-current					
Other payables and accrued expenses		199,457	-	-	-
Loans from controlled entities		-	-	849,613	-
		199,457	-	849,613	-

18. Loans and borrowings

<i>In AUD</i>	<i>Note</i>	Consolidated		Company	
		2009	2008	2009	2008
Current liabilities					
Hire Purchase		24,191	-	-	-
		24,191	-	-	-

Motor vehicle was provided for the security of the hire purchase.

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements (continued)

19. Employee benefits

In AUD

Current

Salaries and wages accrual
Liability for annual leave

	Consolidated		Company	
	2009	2008	2009	2008
Salaries and wages accrual	2,756	-	-	-
Liability for annual leave	9,225	-	-	-
	11,981	-	-	-

Non Current

Liability for long service leave

Liability for long service leave	1,357	-	-	-
	1,357	-	-	-
Total employee benefits	13,338	-	-	-

20. Provisions

In AUD

Consolidated

Balance at 1 July 2007
Provisions made during the year
Provisions reversed during the year
Provisions utilised during the year
Balance at 30 June 2008

	Auditor's Remuneration	Other	Total
Balance at 1 July 2007	-	-	-
Provisions made during the year	-	-	-
Provisions reversed during the year	-	-	-
Provisions utilised during the year	-	-	-
Balance at 30 June 2008	-	-	-

Balance at 1 July 2008
Provisions made during the year
Provisions reversed during the year
Provisions utilised during the year
Balance at 30 June 2009

Balance at 1 July 2008	-	-	-
Provisions made during the year	12,000	11,981	23,981
Provisions reversed during the year	-	-	-
Provisions utilised during the year	-	-	-
Balance at 30 June 2009	12,000	11,981	23,981

In AUD

Company

Balance at 1 July 2007
Provisions made during the year
Provisions reversed during the year
Provisions utilised during the year
Balance at 30 June 2008

	Auditor's Remuneration	Other	Total
Balance at 1 July 2007	-	-	-
Provisions made during the year	-	-	-
Provisions reversed during the year	-	-	-
Provisions utilised during the year	-	-	-
Balance at 30 June 2008	-	-	-

Balance at 1 July 2008
Provisions made during the year
Provisions reversed during the year
Provisions utilised during the year
Balance at 30 June 2009

Balance at 1 July 2008	-	-	-
Provisions made during the year	12,000	-	12,000
Provisions reversed during the year	-	-	-
Provisions utilised during the year	-	-	-
Balance at 30 June 2009	12,000	-	12,000

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements (continued)

21. Capital Reserves

Consolidated

	Note	Share Capital	Accumulated Losses	Total Equity
<i>In AUD</i>				
Balance at 1 July 2007		10,825,200	(10,647,345)	177,855
Total recognised income and expense		-	(178,693)	(178,693)
Balance at 30 June 2008		10,825,200	(10,826,038)	(838)
Balance at 1 July 2008		10,825,200	(10,826,038)	(838)
Total recognised income and expense		-	(4,787,301)	(4,787,301)
Shares issued		4,465,447	-	4,465,447
Balance at 30 June 2009		15,290,647	(15,613,339)	(322,697)

Company

	Note	Share Capital	Accumulated Losses	Total Equity
<i>In AUD</i>				
Balance at 1 July 2007		10,825,200	(10,647,345)	177,855
Total recognised income and expense		-	(178,693)	(178,693)
Balance at 30 June 2008		10,825,200	(10,826,038)	(838)
Balance at 1 July 2008		10,825,200	(10,826,038)	(838)
Total recognised income and expense		-	(4,358,304)	(4,358,304)
Shares issued		4,263,347	-	4,263,347
Balance at 30 June 2009		15,088,547	(15,184,352)	95,805

(a) Share capital transactions

	2009 shares	2008 shares	2009 AUD	2008 AUD
Ordinary shares				
On issue at 1 July	54,406,000	183,148,000	10,825,200	36,575,200
Share Consolidation				
- every 10 shares consolidated to 1 share	5,440,600	-	-	-
ASSOB Pty Ltd Acquisition				
(i)				
- Issued of shares	129,413,453	-	3,658,704	-
- Share conversion	1,169,649		269,019	
Disposal of subsidiary	-	(128,742,000)	-	(25,750,000)
Share Issues				
- in lieu of management fee and licence fee	4,222,217	-	423,091	-
- Share purchase plan	406,000	-	40,600	-
- under prospectus	8,696		2,000	
On issue at 30 June – fully paid	140,660,615	54,406,000	15,292,480	10,825,200

(i) ASSOB Pty Ltd Acquisition Refer to Note 8.

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements (continued)

21. Capital Reserves (continued)

(b) Options

	2009 Number	2008 Number	2009 AUD	2008 AUD
Balance at 1 July	53,056,000	181,798,000	-	-
- Options cancelled (net of tax)	-	(128,742,000)	-	-
- Options consolidation (every 10 options consolidated to 1 option)	5,305,600	-	-	-
Balance at 30 June	5,305,600	53,056,000	-	-

22. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2009 was based on the loss attributable to ordinary shareholders of \$4,787,301 (2008: \$178,693) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2009 of 119,004,107 (2008: 5,440,600), calculated as follows:

Profit attributable to ordinary shareholders

In AUD

Profit/(Loss) attributable to ordinary shareholders

	Consolidated	
Note	2009	2008
	(4,787,301)	(178,693)

Weighted average number of ordinary shares

In number of shares

Issued ordinary shares at 1 July

Effect of shares issued

Weighted average number of ordinary shares at 30 June

	2009	2008
21	140,660,615	5,440,600
21	135,220,015	-
	119,004,107	5,440,600

Diluted earnings per share

The calculation of basic earnings per share at 30 June 2009 was based on the loss attributable to ordinary shareholders of \$2,829,562 (2008: \$178,693) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2009 of 124,309,707 (2008: 5,440,600), calculated as follows:

Profit attributable to ordinary shareholders (diluted)

Profit attributable to ordinary shareholders (diluted)

	2009	2008
	140,660,615	5,440,600

Weighted average number of ordinary shares (diluted)

Weighted average number of ordinary shares at 30 June

Effect of share options and warrants on issue

Weighted average number of ordinary shares (diluted) at 30 June

Note	2009	2008
	119,004,107	5,440,600
21	5,305,600	-
	124,309,707	5,440,600

Basic earnings per share

In AUD

From continuing operations

	2009	2008
	(4.02)	(0.33)

Diluted earnings per share

In AUD

From continuing operations

	2009	2008
	(3.85)	(0.33)

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements (continued)

23. Financial instruments

Credit risk

Exposure to credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group does not require collateral in respect of financial assets. The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at reporting date was:

<i>In AUD</i>	<i>Note</i>	Consolidated carrying amount		Company carrying amount	
		2009	2008	2009	2008
Trade and other receivables	11	61,988	-	-	-
Cash and cash equivalents	24	33,799	554	-	554
		95,787	554	-	554

Impairment losses

The aging of the Group's trade receivables at the reporting date was:

Consolidated

<i>In AUD</i>	Gross 2009	Impairment 2009	Gross 2008	Impairment 2008
Not past due	-	-	-	-
Past due 0-30 days	1,487	-	-	-
Past due 31-120 days	515	-	-	-
More than one year	153,670	93,684	-	-
	155,672	93,684	-	-

Company

<i>In AUD</i>	Gross 2009	Impairment 2009	Gross 2008	Impairment 2008
Not past due	-	-	-	-
Past due 0-30 days	-	-	-	-
Past due 31-120 days	-	-	-	-
More than one year	-	-	-	-
	-	-	-	-

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Consolidated

<i>In AUD</i>	2009	2008
Balance at 1 July	155,672	-
Impairment loss recognised	(93,684)	-
Balance at 30 June	61,988	-

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements (continued)

Company

In AUD

	2009	2008
Balance at 1 July	-	-
Impairment loss recognised	-	-
Balance at 30 June	-	-

The impairment loss at 30 June 2009 of \$93,684 relates to the collection of outstanding debts past due and believed to be at risk.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Consolidated

30 June 2009

In AUD

Non-derivative financial liabilities

	Carrying amount	Contractual cash flows	6 mnths or less	6-12 mnths
Trade and other payables	224,355	-	72,055	152,300
Deferred income	-	-	-	-
	224,355	-	72,055	152,300

30 June 2008

In AUD

Non-derivative financial liabilities

	Carrying amount	Contractual cash flows	6 mnths or less	6-12 mnths
Secured bank loans	-	-	-	-
Trade and other payables	1,392	-	1,392	-
Deferred income	-	-	-	-
	1,392	-	1,392	-

Company

30 June 2009

In AUD

Non-derivative financial liabilities

	Carrying amount	Contractual cash flows	6 mnths or less	6-12 mnths
Secured bank loans	-	-	-	-
Trade and other payables	-	-	-	-
Deferred income	-	-	-	-
	-	-	-	-

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements (continued)

30 June 2008

In AUD

	Carrying amount	Contract- ual cash flows	6 mnths or less	6-12 mnths
Non-derivative financial liabilities				
Secured bank loans	-	-	-	-
Trade and other payables	1,392	-	-	-
Deferred income	-	-	-	-
	<u>1,392</u>	<u>-</u>	<u>-</u>	<u>-</u>

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Consolidated

In thousands of AUD

	30 June 2009		30 June 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	33,799	33,799	554	554
Trade and other receivables	61,988	61,988	-	-
Trade and other payables	(224,355)	(224,355)	(1,392)	(1,392)
	<u>(128,568)</u>	<u>(128,568)</u>	<u>(838)</u>	<u>(838)</u>

Company

In thousands of AUD

	30 June 2009		30 June 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	-	-	554	554
Investment in subsidiaries	3,964,656	3,964,656	-	-
Trade and other payables	-	-	(1,392)	(1,392)
	<u>3,964,656</u>	<u>3,964,656</u>	<u>(838)</u>	<u>(838)</u>

The basis for determining the fair values is disclosed in Note 4.

24a. Cash and cash equivalents

In AUD

	Consolidated		Company	
<i>Note</i>	2009	2008	2009	2008
Bank balances	33,799	554	-	554
Cash and cash equivalents in the statement of cash flows	<u>33,799</u>	<u>554</u>	<u>-</u>	<u>554</u>

- The Group's exposure to credit risks related to other investments is disclosed in Note 23.

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements (continued)

24b. Reconciliation of cash flows from operating activities

<i>In AUD</i>	<i>Note</i>	Consolidated		Company	
		2009	2008	2009	2008
Cash flows from operating activities					
Profit for the year		(4,787,301)	(178,693)	(4,358,304)	(178,693)
<i>Adjustments for:</i>					
Depreciation	15	32,438	-	-	-
Amortisation	16	7,848	-	-	-
Impairment of goodwill		3,202,448		3,202,448	
Equity-settled share based payments expense		-	-	258,081	-
Share issue		460,436	-	-	-
Inter entity loan brought in when merge		779,312			
Operating profit before changes in working capital and provisions		(304,819)	(178,693)	(897,775)	(178,693)
Change in trade and other receivables		69,929	-	-	-
Change in other assets		137,012	-	-	-
Change in non-current receivables		(70,546)	-	-	-
Change in deferred tax asset		(24,573)	-	(3,600)	-
Change in prepayments		5,588	-	-	-
Change in trade and other payables		58,300	134,589	(1,392)	134,589
Change in deferred income		-	-	-	-
Change in provisions and employee benefits		(28,969)	-	12,000	-
Net cash from operating activities		(158,078)	(44,104)	(890,767)	(44,104)

25. Contingencies

There is a current dispute with a former landlord regarding a tenancy lease over the previous office space. As per the lease contract, the lease expired on 30 April 2009. The landlord is disputing that the lease has expired and ASSOBS are defending their position that no lease exists. The matter is unresolved however a contingent liability for ASSOBS of \$6,600 has not been recognised in the accounts.

26. Related parties

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

Mariapillai Pathmanaban
Peter Meyer
Colin Archer

Executive director

Anthony Puls
Paul Niederer
Terrina Planincic
Lucas Mueller
Brookes McTavish
Robin Golding

Executives

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements (continued)

26. Related parties (continued)

The key management personnel compensation is as follows:

In AUD	Consolidated		Company	
	2009	2008	2009	2008
Short-term employee benefits	256,157	-	256,157	-
Other long term benefits	17,024	-	17,024	-
Share-based payments	66,591	-	66,591	-
	339,772	-	339,772	-

Individual Directors and executives compensation disclosures

Information regarding individual Directors and executives' compensation and some equity instruments disclosures as permitted by Corporations Regulation are provided in the Remuneration Report section of the Directors' report on pages 6 to 10.

Apart from the details disclosed in this Note, no Director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Transactions with key management personnel and their related parties

The following material transactions have occurred with related parties during the year ended 30 June 2009:

Mr Anthony Puls has provided a loan to the Company under a loan agreement by which interest at 10% per annum is payable. For the year ended 30 June 2009 an amount of \$0 interest was paid or payable by the Company to Mr Puls.

During the year Gecko Capital Pty Ltd, of which Mr Puls is a director and shareholder, received \$3,300 for the provision of a training session.

Non-current payables (Note 17) represents related party loans of \$199,457 from Fortuna Capital Partner \$5,392, Tony Puls \$103,762 and Adam Hudson \$90,303.

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements (continued)

26. Related parties (continued)

Options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in ASSOB Ltd held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2008	Granted as compensation	Exercised	Other changes [*]	Held at 30 June 2009	Vested during the year	Vested and exercisable at 30 June 2009
Directors							
Mr A Puls	-	-	-	-	-	-	-
Mr P Niederer	-	-	-	-	-	-	-
Ms T Planincic	-	-	-	-	-	-	-
Mr M Pathmanaban	-	-	-	-	-	-	-
Mr P Meyer	-	-	-	-	-	-	-
Mr C Archer	575,050	-	-	-	-	-	575,050
Mr L Mueller	-	-	-	-	-	-	-
Ms B McTavish	-	-	-	-	-	-	-
Mr R Golding	-	-	-	-	-	-	-
Executives	-	-	-	-	-	-	-

	Held at 1 July 2007	Granted as compensation	Exercised	Other changes [*]	Held at 30 June 2008	Vested during the year	Vested and exercisable at 30 June 2008
Directors							
Mr C Archer (*)	3,500,000	-	-	(2,924,950)	-	-	575,050
Executives	-	-	-	-	-	-	-
						-	-
						-	-
						-	-
						-	-

(*) Other changes represent a 1:10 share consolidation during the year.

No options held by key management personnel are vested but not exercisable at 30 June 2008 or 2009.

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements (continued)

26. Related parties (continued)

Movements in shares

The movement during the reporting period in the number of ordinary shares in ASSOB Ltd held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2008	Purchases	Received on exercise of options	Sales	Held at 30 June 2009
Directors					
Mr T Puls	-	50,592,800	-	950,000	49,642,800
Mr P Niederer	-	401,333	-	-	401,333
Ms T Planincic	-	-	-	-	-
Mr M Pathmanaban	-	1,261,290	-	-	1,261,290
Mr P Meyer	-	168,994	-	-	168,994
Mr L Mueller	-	88,000	-	-	88,000
Mr R Golding	-	2,129,245	-	-	2,129,245
Mr C Archer	575,050	-	-	-	575,050
Executives	-	-	-	-	-

	Held at 1 July 2007	Purchases	Received on exercise of options	Sales	Held at 30 June 2008
Directors					
Mr C Archer (*)	5,750,500	-	-	-	575,050
	-	-	-	-	-
Executives	-	-	-	-	-

(*) Other charges represents a 1:10 share consolidation during the year.

No shares were granted to key management personnel during the reporting period as compensation.

Subsidiaries

Loans are made by entities within the wholly owned group (refer to Note 27) which are at call, and are non-interest bearing.

Australian Small Scale Offerings Board Ltd and its controlled entities

Notes to the consolidated financial statements (continued)

27. Group entities

	Note	Country of Incorporation	Ownership interest	
			2009	2008
Parent entity				
Australian Small Scale Offerings Board Ltd				
Subsidiaries				
Start Innovation Services Pty Ltd		Australia	100%	100%
Start Innovation Management Pty Ltd		Australia	100%	100%
ASSOB Pty Ltd		Australia	100%	0%
ASSOB Private Pty Ltd		Australia	100%	100%
ASSOB Media Services Pty Ltd		Australia	100%	100%

28. Subsequent events

The Directors are not aware of any matter or circumstance, since the end of the financial year, not otherwise dealt with in the report that, in the Directors' opinion is likely to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

29. Auditor's remuneration

In AUD

Audit services

Auditors of the Company

Rothsay Chartered Accountants:

Audit and review of financial reports

Note	Consolidated		Company	
	2009	2008	2009	2008
	12,000	8,000	12,000	8,000
	12,000	8,000	12,000	8,000
Other services				
Auditors of the Company				
<i>Rothsay Chartered Accountants:</i>				
IPO Service	-	-	-	-
Governance assistance	-	-	-	-
Due diligence services	-	-	-	-
	-	-	-	-

Australian Small Scale Offerings Board Ltd and its controlled entities Directors' declaration

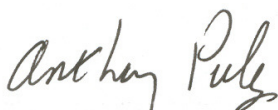
In the Directors' opinion:

- (a) the financial statements and notes set out on pages 14 to 44 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that Australian Small Scale Offering Board Ltd will be able to pay its debts as and when they become due and payable; and
- (c) the audited remuneration disclosures set out on pages 9 to 12 of the directors' report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

The Directors have been given the declarations required by Section 295A of the Corporations Act from the Chief Executive Officer for the financial year ended 30 June 2009.

The declaration is made in accordance with a resolution of the directors.

For and on behalf of the Board.



Anthony Puls
Chairman

Dated at Bundall on this 30th September 2009

Independent Auditor's Report to the Members of Australian Small Scale Offerings Board Ltd and its controlled entities



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 AUSTRALIAN SMALL SCALE OFFERINGS BOARD LIMITED

We have audited the accompanying financial report of Australian Small Scale Offerings Board Limited (the Company") which comprises the balance sheet as at 30 June 2009 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 consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the year.

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 Australian Small Scale Offerings Board Limited is in accordance with the Corporations Act 2001, including:

- a) (i) giving a true and fair view of the Company's and the group's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b) the consolidated financial report also complies with International Financial Reporting Standards.
- c) the remuneration disclosures in the Directors' report comply with AASB 124

Material Uncertainty regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 2 paragraph (e) in the financial report which states the group had an excess of current liabilities over current assets of \$363,000 at 30 June 2009 and the Income Statement which records a consolidated loss of \$4,787,301 for the year. In the event the Group is unable to obtain debt or equity funding there is significant uncertainty as to whether the Group could continue as a going concern.

Rothsay

Graham R Swan FCA
Partner

Dated 30th September 2009



Chartered Accountants

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

ROTHSAY

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

The Directors
Australian Small Scale Offerings Board Ltd
2 Corporate Court
Bundall QLD 4217

Dear Sirs & Madam

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I
hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in
relation to the audit of the 30 June 2009 annual financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation
to the audit.

Graham Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 30th September 2009



Chartered Accountants

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

NSX Additional information

Additional information required by the National Stock Exchange of Australia Listing Rules and non disclosure elsewhere.

Shareholdings (as at 30 June 2009)

Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number
Lion Bridge Investments Pty Ltd	37,522,665
Mr Anthony Franz Lucien Puls & Ms Paulette Susan Kulak	31,978,357
Fortuna Capital Partners Pty Ltd	27,720,123
Gecko Capital Pty Ltd	18,014,443

Voting rights

Ordinary shares

Refer to Note 21 in the financial statements.

Options

There are no voting rights attached to the options.

Warrants

There are no voting rights attached to the warrants.

Category	NUMBER OF EQUITY SECURITY HOLDERS		
	Ordinary shares	Options	Warrants
1 – 1,000	12	13	-
1,001 – 5,000	26	21	-
5,001 – 10,000	7	5	-
10,001 – 100,000	56	8	-
100,000 and over	75	12	-
	176	59	-

Securities Exchange

The Company is listed on the National Stock Exchange of Australia. The home exchange is Newcastle.

Other information

Australian Small Scale Offerings Board Ltd, incorporated and domiciled on Australia, is a publicly listed Company limited by shares.

NSX Additional information (continued)

Ten largest shareholders

Name	Number of ordinary shares held	Percentage of capital held
Lion Bridge Investments Pty Ltd	37,522,665	27%
Mr Anthony Franz Lucien Puls & Ms Paulette Susan Kulak	31,978,357	23%
Fortuna Capital Partners Pty Ltd	27,720,123	20%
Gecko Capital Pty Ltd	18,014,443	13%
Red Water Dragon Pty Ltd	2,562,493	2%
Mr Robin Hamilton Golding	2,129,245	2%
Mariapillai Pathmanaban	1,261,290	1%
Ryhat Establishment	875,000	1%
Xiao Bo Zhou	874,000	1%
Four Brothers Developments Pty Ltd	861,632	1%
	<hr/> 123,799,248	<hr/> 88%

Offices and officers

Company Secretary

Ms Susan Williams

Registered Office

Australian Small Scale Offerings Board Limited
Corporate Centre One Level 15
2 Corporate Court
Bundall Qld 4217
Telephone: 1300 722 954
Facsimile: 1300 722 593

Location of Share Registry

Registries Limited
Level 7 207 Kent Street
Sydney NSW 2000
Telephone: 1300 737 760
Facsimile: 02 9279 0664