Ascend Group Limited and Controlled Entities

ABN: 69 114 162 631

Annual Financial Report for the Year Ended 30 June 2009

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CORPORATE GOVERNANCE STATEMENT

Overview

The Board of directors of Ascend Group Limited are committed to achieving and demonstrating the highest standards of corporate governance and aim to comply with the "Principles of Good Corporate Governance and Best Practice recommendations" set by the ASX Corporate Governance Council ("CGC").

Where there has been a variation or departure from these recommendations, it is because the board believes that the Company is not yet of sufficient size nor are its financial affairs of such complexity to justify some of these recommendations.

Where a recommendation has not been followed this fact has been disclosed together with the reasons for the departure. Consistent with the ASX best practice recommendations, the Company's corporate government practices are regularly reviewed and are available on the Company's website.

Compliance with ASX Corporate Governance Council best practice recommendations

The ASX listing rules requires public listed companies to include in their annual report a statement regarding the extent to which they have adopted the ASX Corporate Governance Council best practice recommendations. This statement provides details of the Company's adoption of the best practice recommendations.

Principle 1 – Lay solid foundations for management and oversight

Companies should establish and disclose their respective roles and responsibilities of board and management.

Board Responsibilities

The Board of directors is accountable to shareholders for the performance of the group. In carrying out its responsibilities, the board undertakes to serve the interest of shareholders honestly, fairly and diligently.

The responsibilities of the board include:

- Reporting to shareholders and the market;
- Ensuring adequate risk management processes exist and are complied with;
- Reviewing internal controls and external audit reports;
- Ensuring regulatory compliance;
- Monitoring financial performance, including approval of the annual and half-yearly financial reports and liaison with the Company auditors;
- Reviewing the performance of senior management;
- Monitoring the Board composition, Director selection and Board processes and performance;
- Validating and approving corporate strategy;
- Reviewing the assumptions and rationale underlying the annual plans; and
- Authorising and monitoring major investment and strategic commitments.

Directors Education

The Company issues a formal letter of appointment for new directors setting out the terms and conditions relevant to that appointment and the expectations of the role of the director. The Company also provides a formal induction process which provides key information on the nature of the business and its operations. Continuing education is provided via the regular Board updates provided by the divisional chief executives.

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CORPORATE GOVERNANCE STATEMENT (CONT.)

Role of Chairman and Chief Executive Officer (CEO)

The Chairman is also the Chief Executive Officer and is responsible for leading the Board, ensuring that Board activities are organised and efficiently conducted and for ensuring the Directors are properly briefed for meetings. The Chairman is also responsible for implementing the Group's strategies and Board policies.

A formal charter is in place which lays out the duties and responsibilities of the CEO. This charter also requires that the responsibilities and accountabilities of both the board of directors and the CEO are clearly defined. The assessment and monitoring of the CEO is the chief responsibility of the board. Performance is assessed against pre-determined objectives on a regular basis.

The Chairman's other responsibilities include:

- Ensuring that general meetings are conducted efficiently and that shareholders have adequate opportunity to air their views and obtain answers to their queries.
- Present the view of the Board formally.

Principle 2 – Structure the board to add value

Companies should have a board of an effective composition, size and commitment to efficiently discharge its responsibilities and duties.

Board of directors

Composition of the Board

The Board of directors is comprised of three non-executive Directors, all of whom have a broad range of skills and experience.

There are two independent directors.

Each director's independence status is regularly assessed by the board.

In determining independence the board has regard to the guidelines of directors' independence in the ASX Corporate Governance Council and Best practice Recommendations and other best practice guidelines.

The Company does not comply with recommendations 2.2 and 2.3 which recommends the chair should be an independent director and the role of the chair and CEO should not be exercised by the same individual.

At this stage of the Company's development, the board considers it is neither appropriate nor cost effective for there to be an independent chairman and a separate CEO.

This matter continues to be under review and as circumstances allow, consideration will be given to the appropriate time to move to adopting the ASX Corporate Governance Guidelines.

The board considers that its composition provides for the timely and efficient decision making required for the Company in its current circumstances.

The board's size and composition is subject to limits imposed by the Company's constitution which provides for a minimum of three directors and a maximum of ten.

Details of the members of the board their experience, expertise and qualifications are set out in the director's report on pages 8 to 9.

The position/status and term in office of each Director at the date of this report is as follows: -

Name of Director	Position/Status	Term in Office
Ian Mcleay Mutton	Non – Executive Chairman – Independent	4 months
Alan Preston Beasley	Executive	2 years 11 months
Barry John Dawes	Non-Executive – Non Independent	4 months
Kevin Martin Lynn	Non-Executive–Independent	3 months

The Board met six times during the year and Directors attendance is disclosed on page 15 of the Director's Report.

CORPORATE GOVERNANCE STATEMENT (CONT.)

Access to independent professional advice
All directors are required to bring an independent judgement to bear on Board decisions.

To facilitate this, each Director has the right of access to all relevant company information and to the Company's Executives. The directors also have access to external resources as required to fully discharge their obligations as Directors of the Company. The use of this resource is co-ordinated through the Chairman of the board.

Nomination committee
The Board has not yet formed a separate nominations committee and that all matters that would normally be the responsibility of a nominations committee are dealt with by the full Board of Directors.

The Board reviews its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reasons, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience. External advisors may be used to assist in such a process. The Board will then appoint the most suitable candidate who must stand for election at the next annual general meeting of shareholders.

For directors retiring by rotation, the Board assesses that director before recommending re-election.

The Australian Securities Exchange Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" recommends the appointment of a Nomination Committee for prospective Board appointments. The Board considers the Company and the Board are currently not of sufficient size to justify the establishment of a Separate Nomination Committee.

Board performance evaluation
The Company has processes in place to review the performance of the board and its committees and individual directors. Each year the board of directors give consideration to broad corporate governance matters, including the relevance of existing committees and to reviewing its own and individual directors' performance. The Chairman is responsible for monitoring the contribution of individual directors and consulting with them in any areas of improvement.

Principle 3 – Promote ethical and responsible decision making

Companies should actively promote ethical and responsible decision making.
Code of conduct

The Board acknowledges the need for continued maintenance of the highest standards of Corporate Governance Practices and ethical conduct by all Directors and employees of the consolidated entity.
The Company has established a code of conduct applicable to all Directors and employees.
The requirement to comply with the code is mandatory and is communicated to all employees.
The code sets out standards of conduct, behaviour and professionalism. The shareholder communications strategy, the securities trading policy, the continuous disclosure policy collectively form a solid ethical foundation for the Company's ethical practices.
Policy on dealing in Company securities
The Company has a policy on how and when the Directors and employees may deal in the Company's securities. The purpose of this policy is to ensure that the Directors and employees deal in the Company's securities in a manner which properly reflects their fiduciary duty, and that they do not transact in those securities whilst in possession of price sensitive information. This policy requires all Directors and employees to seek approval from the Chairman and Company Secretary prior to dealing in the Company's securities. The Company has introduced compliance standards and procedures to ensure that the policy is properly implemented. In addition there is also an internal review mechanism to assess compliance and effectiveness. Details of both the Company's code of conduct and share trading policy have been posted on the Company's website.

Principle 4 – Safeguard Integrity in financial reporting

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

Audit committee
The Board has formed a separate Audit Committee.

The members of the Audit Committee during the year were:

- Ian Mcleay Mutton – Appointed 3 March 2010
- Alan Preston Beasley – Appointed 1 August 2007
- Kevin Martin Lynn – Appointed 21 April 2010

The structure of the audit committee does not comply with recommendation 4.2 which recommends that the audit committee consists of only Non-Executive Directors and the committee should have an independent Chairperson who is not the Chairperson of the Board.

The Board considers that given its current size and structure it is neither appropriate nor cost effective for there to be a separate chairman of the audit committee. The committee met nine times during the year.

The audit committee has adopted a formal charter which set out the responsibilities of the audit committee. A copy of the Formal Charter is posted on the Company's website.

The responsibilities of the Audit Committee include:

- reviewing the annual and half year financial reports to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- monitoring corporate risk management practices;
- review and approval of the consolidated entity's accounting policies and procedures;
- reviewing external audit plans;
- reviewing the nomination, performance and independence of the external auditors; and
- organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board.

The audit committee has received confirmation in writing from the Chief Executive Officer and Chief Financial Officer that:

The Company's Financial Report for the financial year ended 30 June 2009 present a true and fair view in all material respects of the Company's financial position and operational results and are in accordance with relevant accounting standards.

External auditors
The full Board is responsible for the appointment, removal and remuneration of the external auditors, and reviewing the terms of their engagement, and the scope and quality of the audit. In fulfilling its responsibilities, the Board receives regular reports from management and the external auditors at least once a year, or more frequently if necessary. The external auditors have a clear line of direct communication at any time to the Chairman of the Board.

The current auditor, K S Black & Co. was appointed at the last annual general meeting of the Company held on 16 July 2010.

The Australian accounting bodies' statement on professional independence requires mandatory rotation of audit partners for listed companies every five years. K S Black & Co. confirms that they conform with the requirements of the statement.

K S Black & Co. are required to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

Principle 5 – Making timely and balanced disclosure

Companies should promote timely and balanced disclosure of the matters concerning the Company. The Company promotes timely and balanced disclosure of any material matters concerning the Company.

The Company has a written policy on information disclosure that focuses on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities.

The Company Secretary in consultation with the Chairman, is responsible for communications with the ASX. He is also responsible for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules, and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the general public.

Principle 6 – Respect the rights of shareholders

Companies should respect the rights of shareholders and facilitate their effective exercise of those rights.

Communication with shareholders
The Board recognises and respects the rights of our shareholders as the beneficial owners of the Company. In order to facilitate the effective exercise of those rights, the Company follows a communications strategy that aims to empower shareholders by:

- communicating effectively with them;
- providing easy access to balanced and understandable information about the Company; and
- encouraging and facilitating shareholder participation in general meetings.

The Company achieves this through the following avenues:
Regular mailings
The Company provides shareholders with copies of all announcements made to the ASX by mail on request. Copies are also available via an electronic link to the ASX web site, ensuring that all shareholders are kept informed about the Company. Shareholders also have the option of receiving a hard copy of the Annual Report each year.
General meetings
All shareholders are invited to attend the Annual General Meetings which are held in Sydney. The full Board and senior executives are present and available to answer questions from the floor, as are the External Auditor and a representative from the Company's legal advisors.

Principle 7 – Recognise and manage risk

Companies should establish a sound system of risk oversight and management and internal control.

The Board oversees the establishment, implementation and review of the Company's Risk Management System. To ensure it meets its responsibilities, the Board has implemented appropriate systems for identifying, assessing, monitoring and managing material risk throughout the organisation.

Management is required to provide monthly status reports to the Board which identify potential areas of business risk arising from changes in the financial and economic circumstances of its operating environment. The Board regularly assesses the Company performance in light of risks identified by such reports.

Management are also required to design implement and review the Company's risk management and internal control system. The Board reviews the effectiveness of the implementation of the Company's risk management and internal control system on a regular basis.

The Board does not employ an internal auditor, although as part of the Company's strategy to implement an integrated framework of control, the Board requested the external auditors review internal control procedures. Recommendations once presented are considered by the Board.

The Board has received written consent from the chief executive officer and the chief financial officer that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control system is operating efficiently in all material respects.

The Board requires this declaration prior to the Directors' signing the Company's financial statements.

Principle 8 – Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that the relationship to performance is clear.

The role of the remuneration committee is undertaken by the full board of Directors. The committee has adopted a formal charter. The main responsibilities of the Committee are:

- review and approve the Group's policy for determining executive remuneration and any amendments to that policy;
- review the on-going appropriateness and relevance of the policy;
- consider and make recommendations to the Board on the remuneration of executive Directors (including base salary, incentive payments, equity awards and service contracts);
- review and approve the design of all equity based plans;
- review and approve the total proposed payments under each plan; and
- review and approve the remuneration levels for non-executive Directors.

The committee meets as often as required but no less than once per year.

The committee met once during the year.

Executive Directors and executive remuneration

The remuneration committee reviews and approves the policy for determining executive's remuneration and any amendments to that policy.

Executive remuneration and other terms of employment are reviewed annually having regard to relevant comparative information and independent expert advice.

Remuneration packages include basic salary, superannuation and the rights of participation in the Company's Employee Share Purchase Plan.

Remuneration packages are set at levels that are intended to attract and retain executives capable of effectively managing the Company's operations.

Consideration is also given to reasonableness, acceptability to shareholders and appropriateness for the current level of operations.

Non-executive directors

Remuneration of Non-Executive Directors is determined by the Board based on relevant comparative independent expert advice and the maximum amount approved by shareholders from time to time.

Non-Executive Directors have the right to participate in the Company's Employee Share Purchase Plan.

Further information on directors and executive remuneration is included in the remuneration report which forms part of the Directors' Report. This matter continues to be under review.

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DIRECTORS' REPORT

Your directors present their report on the Company and its Controlled Entities for the financial year ended 30 June 2009.

Office Holders

The names of the directors in office at any time during, or since the end of the year are:

- Alan Preston Beasley – Appointed 1 August 2007;
- Ian Mcleay Mutton – Appointed 3 March 2010
- Barry John Dawes – Appointed 3 March 2010
- Kevin Martin Lynn – Appointed 21 April 2010
- Douglas Peter LeMessurier – Appointed 1 August 2007; Resigned 3 March 2010
- Nicholas William Andrews – Appointed 22 August 2008; Resigned 23 November 2008;
- Michael Anthony John Brown – Appointed 22 August 2008; Resigned 23 November 2008;
- Stephen Wee – Appointed 5 October 2007; Resigned 24 September 2009
- David Henty Sutton – Retired 5 August 2008;
- John Hanson Boorne – Retired 14 August 2008

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

- Hean Kong Siew – Appointed 21 April 2010
- Alice Mary LeMessurier – Appointed 5 August 2008; Resigned 21 April 2010;
- Michael Derin – Appointed 21 November 2006; Resigned 5 August 2008)

Principal Activities

The principal activities of the consolidated group are as follows:

- Listed holding entity for other vehicles:
- Fund Management Entity with Australian Financial Securities License;
- Corporate Advisory.

Operating Results

The loss of the consolidated group for the financial year after providing for income tax and eliminating minority equity interests amounted to $1,290,624

Financial Position

The deficiency in net assets of the consolidated group as at 30 June 2009 amounted to $472,261

Dividends Paid or Recommended

There were no dividends paid or recommended to be paid.

Review of Operations

During the 2009 financial year the volatility of the Global Financial Crisis meant that access to capital was limited and there was an increasing trend for investors to leave the equity markets.

This had direct flow on effect to the Group and contributed to:

- Shortage of cash flows to fund the businesses operating activities;
- Lack of wholesale clientele to capitalise on Ascend Corporate Pty Ltd's capital advisory role;
- Poor performance of overall markets which meant many unlisted stocks

Ascend Corporate Pty Ltd, established on 22 January 2008, has commenced corporate advisory roles for a number of clients.

Significant changes in the consolidated group's state of affairs

New Product Disclosure Statements

On 25 July 2008 two new Product Disclosure Statements were issued for the Escalation Fund and the MPS Resources Fund (respectively the A and C class units issued in Ascend Funds ARSN: 113 297 484). The Responsible Entity ("RE") is Columbus Investment Services Limited (AFSL:246943) and the Investment Manager is Ascend Asset Management Pty Ltd (AFSL: 307706) whom is a wholly owned subsidiary of the Company and member of the Group..

The main differences between the previous Product Disclosure Statements and the new Product Disclosure Statements are mainly:

- Increased exposure to listed shares offering investors increased liquidity
- Daily unit pricing as opposed to monthly unit pricing offered previously
- Up to 4.4% (inc GST) available to advisers as commission
- Lower management fee of 1.95% (inc GST less RITC)
- Trail available to large supporters of the product

Issue of Shares and Options

At a shareholders meeting on 29 August 2008 the following resolutions were passed and approved:

1. Issue of 5,200,000 Options exercisable on or before 31 December 2017 at $0.25 to Directors and Employees
2. Issue of Equity to Directors:
    - 947,960 ordinary fully paid shares with attaching AGLO1 options to Finta Pty Ltd in lieu of consulting fees outstanding to Alan Preston Beasley.
    - 355,120 ordinary fully paid shares with attaching AGLO1 options to First Avenue Investment Pty Ltd in lieu of consulting fees outstanding to Douglas Peter LeMessurier.
    - 200,000 ordinary fully paid shares each to Messrs Wee, Sutton and Boorne in lieu of directors Fees outstanding.
3. Approval of terms and conditions of Pegasus Milestone Agreement to issue 8,561,000 unlisted convertible fully paid shares at $0.10 per share. These shares are convertible into ordinary shares upon the successful completion of certain milestones.
4. Approval was given to ratify the prior issue of up to 3,140,000 shares at an issue price of $0.10 and attaching free 1:1 options up to 2,920,000 options with an exercise price of $0.15 expiring 30 June 2015.

Write-off of amounts receivable:

Industrial Buildings Industries Ltd went into Administration on 2 October 2007 and on 25 August 2008 the Administrators issued their final distribution letter with an attached cheque for $2,296.41 representing a distribution of 2.7 cents in the dollar. As such the previous amount owed of $45,700 as at 30 June 2008 has been written off.

DIRECTORS' REPORT (CONT.)

Subsequent to balance date the total balance of the inter entity loan owed from wholly owned subsidiary Ascend Asset Management Pty Ltd to the Company was written off ($393,381) after the general meeting on 24 September 2009 where shareholders resolved to forgive the inter entity debt.

Voluntary Administration of the Group with the Exception of Ascend Corporate:

- In late 2008 the Group experienced funding difficulties which were a combination of bad debtors, illiquid assets and the global financial crisis which contributed to declining revenues and a poor market for new investors;
- On 23 February 2009 Ascend Group Limited ("AGL") and wholly owned subsidiary Ascend Asset Management Pty Ltd ("AAM") were placed into voluntary administration;
- Following creditors' meetings held on 5 March 2009, 30 March 2009 and 3 June 2009, on 29 June 2009 a Deed Of Company Arrangement ("DOCA") was entered into by AGL and on the same day wholly owned subsidiary AAM also entered into a separate DOCA;
- The Director's of AGL accepted a proposal from Empire Securities Pty Ltd who later nominated Martin Place Securities Nominees Pty Ltd to reconstruct and recapitalise AGL to fund the two DOCA's and allow AGL and AAM to continue as a going concern. Shareholders voted in favour of this at the 24 September 2009 general meeting;
    - In AGL this lead to the issue of equity on the following basis, in return for $93,000 which was used to fund the DOCA:
        - 147,959,154 shares;
        - 97,168,142 unlisted options with a $0.15 strike price and 30 June 2015 expiry.
    - In AAM this lead to a 100% acquisition of the issued capital from AGL which occurred on 29 June 2010 at which date AAM ceased to be a wholly owned subsidiary of AGL.
- 30 October 2009 the securities of AGL were suspended from trading on the National Stock Exchange ("NSX")

Wind-up of the Ascend Funds:

The responsible entity Columbus advised the administrator of AGL and AAM on 24 March 2009 of its intention to wind up the funds.

This lead to a termination of Columbus' services and distribution of the fund's assets to the unit holders using cash and in-specie distributions of shares in listed and unlisted entities.

After Balance Date Events

Voluntary Administration of the Group with the Exception of Ascend Corporate:

- 30 October 2009 the securities of AGL were suspended from trading on the National Stock Exchange ("NSX")

Resolutions Passed at Shareholders Meetings ("GM's") and Extraordinary General Meetings ("EGM's"):

On 24 September 2009 a GM of shareholders was held and proposals approved by shareholders lead to:

- Approval of the share issue and sale of AAM to fund AGL and AAM's respective DOCA's;
- The inter entity debt of $393,381 being forgiven;
- In recognition of corporate advisory services performed by Mr Kevin Lynn necessary to arrange the funding of the DOCA's, the issue of:
    - 2,000,000 shares;
    - 2,000,000 unlisted options with a $0.15 strike price and 30 June 2015 expiry.

On 16 July 2010 an EGM was held where unanimously all resolutions were approved by shareholders present:

- Approval of re-election of all Directors;
- Approval of Directors shares to be issued;
- Change in business focus to the exploitation and commercialisation of 3DTV;
- Removal of auditor and appointment of KS Black.

Sale of Ascend Corporate Pty Ltd:

Ascend Corporate Pty Ltd who is a wholly owned subsidiary of AGL for the reporting period of the enclosed financial statements, was subsequently sold to previous AGL Director Mr Douglas Peter LeMessurier on 29 June 2010.

This sale was in the best interest of AGL shareholders as Ascend Corporate Pty Ltd was excluded from the voluntary administration process and had accrued debts related to the prior business of the Group.

Appointment of KS Black as Auditors:

At the general meeting of shareholders held on 16 July 2010 the removal of Duncan & Dovico was approved and KS Black was approved as the Group's ASIC appointed auditor.

New Business Direction:

On 16 July 2010 AGL at a general meeting, shareholders approved a change in business focus and redirection for the Company.

Re-Capitalisation:

Subsequent to balance date AGL issued a rights issue to the existing shareholders to provide funding for AGL's new business direction. By the shareholders meeting on 16 July 2010 first stage funding had been provided to Stereo Screen Systems Pty Ltd ("S3") to assemble and demonstrate a proof of concept for the 3DTV technology.

Future Developments

The current Board of AGL intends to continue to capitalise the Company through private placements which will provide the level of funding required to prove the concept of 3DTV.

If successful the Company will assist S3 to develop and commercialise the technology as well as assisting and financially benefiting from exploiting its applications to TV.

Environmental Regulation

The consolidated group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Information on Directors

Ian Mcleay Mutton — Director and Non Executive Chairman (Appointed 3 March 2010)

Mr Mutton is a lawyer of over 30 years standing. His previous experience includes 7 years with The Commonwealth Crown Solicitor with responsibility for the legal work required by the (then) Australian Trade Services Commission in connection with enforcement proceedings. More recently Mr Mutton has been involved in developing and delivering competition and consumer law training and compliance programs for use in Australia, New Zealand, and managing the interface between companies and the ACCC/NZCC.

Kevin Martin Lynn — Director (Appointed 21 April 2010)

Kevin Lynn is a Chartered Accountant with 15 years experience in the industry and resources sector and is Company Secretary for a number of publicly listed companies including Uranium Exploration Australia Ltd, Hill End Gold Ltd and Silver Mines Ltd.

Barry John Dawes — Director (Appointed 3 March 2010)

Mr Dawes is the founder and Managing Director of Martin Place Securities Pty Limited, established in 2000 as a boutique investment group specialising in the resource industry and corporate finance. He is also a director of Superior Coal Limited, Uranium Exploration Australia Limited, Granite Power Limited, and the NSX listed BBX Property Investment Fund.

Alan Preston Beasley Director (Appointed 1 August 2007)

Alan Beasley has over 30 years experience in Investment Management spanning across Australian equities, International equities and portfolio management for institutional investors. Mr Alan Beasley was the founding Managing Director of Ascend Asset Management Pty Ltd formed in 2004.

Douglas Peter LeMessurier Director (Resigned 3 March 2010)

Peter has over 35 years share broking experience and has held several Executive positions including State Manager of D&D Tolhurst Limited and Director of the South Australian Asset Management Corporation (Chair of Super Fund and a member of its Audit and Insurance Committee).Peter was a director of GTL Energy Limited as well as Commissioner of the South Australian Lotteries Commission and member of its Audit Committee.

David Henty Sutton Non Executive Director (Resigned 5 August 2008)

David Sutton has over 25 years share broking and investment banking experience. In addition, he has been a director of several listed entities. David was a founding partner of MacNab Clarke & Partners (the Australian Equities subsidiary of CS First Boston Australia) and has also been a founding director of TA Securities Australia Pty Ltd and Hudson Securities Ltd. From 2002 to April 2010 David was Chairman of Martin Place Securities Pty Ltd (formerly WHI Securities Pty Ltd). David has been a member of the ASX since 1982.

John Hanson Boorne Non Executive Director (Resigned 14 August 2008)

John Bourne has over 40 years experience in investment and finance. John has had several commercial appointments including Managing Director of HI Clements and Phoenix Scientific Industries.
John has had extensive public appointments including Chair for the Australian Medical Industry Association, the Partnerships Board of University of Technology, the Australian Academy of Design, Design Advisory Council Standards of Australia and the Small Business Council.

Stephen Wee Non Executive Director (Resigned 24 September 2009)

Stephen Wee is an investment banker with over 25 years experience in the financial industry. Awarded the Cutler, Hughes and Harris Prize in 1985 by the Securities Institute of Australia for excellence in the subject of securities industry law. Stephen is a Senior Associate member of the Financial Services institute of Australasia (Finsia). Since 2003, he has participated in raising capital for a number of successful resource projects.

Nicholas William Andrews Non Executive Director (Resigned 23 November 2008)

Nicholas Andrews has held a variety of positions in the Australian financial sector over the last 25 years. Nicholas spent 10 years with a global investment bank in management and sales in London and Sydney and 11 years as an institutional equities investor in large and small cap securities in Australia before co-founding Pegasus Corporate Advisory Pty Ltd in 2005. Nick is also a Director of an ASX listed company.

Michael Anthony John Brown Non Executive Director (Resigned 23 November 2008)

Michael Brown has experience in research management and as a senior researcher within global investment bank teams in Sydney, London, Hong Kong and New York before co-founding Pegasus Corporate Advisory Pty Ltd in 2005. Michael is also a director of an ASX listed company.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each key management person of Ascend Group Limited and for the executives receiving the highest remuneration.

Remuneration policy

The remuneration policy of Ascend Group Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives.

Key management personnel are entitled to participate in the employee share and option arrangements.
The Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated group. However, to align directors interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Key Management Personnel Compensation Practices

The Key Management are contracted during the year to provide consulting services to the Company. Contracts are reviewed and amended as necessary.

Compensation provided to Key Management during the financial year and to the date of voluntary administration is as follows:

- Finta Pty Ltd (Controlled by Alan Preston Beasley): Alan Preston Beasley received $15,000 per month for consulting services. Shareholder approval was subsequently received for Mr Beasley to receive $40,000 worth of shares in Ascend Group Limited for assistance in relation to the listing of Ascend Group Limited on the NSX. Alan also received a percentage of fees in relation to capital raised for third parties at a rate determined by the directors.
- First Avenue Investments Pty Ltd (Controlled by Douglas Peter LeMessurier): Douglas Peter LeMessurier received $15,000 per month for consulting services. Douglas Peter LeMessurier also receives a percentage of fees in relation to capital raised for third parties at a rate determined by the directors.

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DIRECTORS' REPORT (CONT.)

Key Management Personnel Remuneration

2009	Cash, salary & commissions $000	Cash profit share $000	Non-cash benefit $000	Other $000
Key Management Person				
Alan Preston Beasley	60,000	-	-	-
Douglas Peter LeMessurier	28,000	-	-	-
	88,000	-	-	-

	Other Long-term benefits	Share-based Payment		Total
2009	Other $000	Equity ** $000	Options $000	$000
Key Management Person				
Alan Preston Beasley	-	95,000	-	155,000
Douglas Peter LeMessurier	-	-	-	28,000
	-	95,000	-	183,000

** An accrual has been made for the Share based Equity Payments which are in relation to the year end 30 June 2008 but require shareholders approval prior to being issued. An extraordinary shareholder meeting was held on 29 August 2008 and all issues were approved.

2008	Cash, salary & commissions $000	Cash profit share $000	Non-cash benefit $000	Other $000
Key Management Person				
Alan Preston Beasley	209,764	-	-	-
Douglas Peter LeMessurier	151,875	-	-	-
	361,639	-	-	-

	Other Long-term benefits	Share-based Payment		Total
2008	Other $000	Equity ** $000	Options $000	$000
Key Management Person				
Alan Preston Beasley	-	95,422	-	305,186
Douglas Peter LeMessurier	-	34,012	-	185,887
David Henty Sutton (retired 5/8/2008)	-	20,000	-	20,000
John Hanson Boorne	-	20,000	-	20,000
Stephen Wee (appointed 5/10/2007)	-	20,000	-	20,000
	-	189,434	-	551,073

DIRECTORS' REPORT (CONT.)

Options issued as part of remuneration for the year ended 30 June 2009

Proposed options for the year to 30 June 2009 will be issued following shareholder approval. See subsequent events note. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Ascend Group Limited to increase goal congruence between executive directors and shareholders.

No Options were exercised during the year that were granted as compensation in prior periods.

Options Issued

At the date of this report, the unissued ordinary shares of Ascend Group Limited under option are as follows:

Option Class	Grant Date	Date of Expiry	Exercise Price	Number Under Option
AMJO1 (attaching bonus)	Numerous Tranches from 26/05/2005 to 16/01/2008	30/06/2015	$0.15	39,995,678
AMJO1 (no attaching bonus)	Numerous Tranches from 18/04/2008 to 30/06/2008	30/06/2015	$0.15	2,920,000
Unlisted $0.30	19/07/2007	31/12/2017	$0.30	6,800,000
Unlisted $0.40	19/07/2007	31/12/2017	$0.40	6,500,000
Unlisted $0.15	20/10/2008	31/12/2018	$0.15	3,503,080
Unlisted $0.25	20/10/2008	31/12/2018	$0.25	5,200,000

Meetings of Directors

During the financial year, meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meeting	
	Number eligible to attend	Number attended
Alan Preston Beasley	6	6
Douglas Peter LeMessurier	6	4
David Henty Sutton	6	2
John Hanson Boorne	6	4
Stephen Wee	6	2
William Wang	2	1

Ascend Group Limited
ABN: 69 114 162 631 and Controlled Entities

DIRECTORS' REPORT (CONT.)

Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

Ascend Group Limited and controlled entities have incurred net losses after tax for the year ended 30 June 2009 of \$1,290,624 and experienced net cash outflows from operating activities of \$205,995. As at 30 June 2009, Ascend Group Limited and controlled entities had net current liabilities of \$472,261. Accordingly, there remained uncertainty about Ascend Group Limited and controlled entities ability to continue as a going concern.

Ascend Group Limited has entered into voluntary administration.

After holding meetings of creditors the Company entered into a Deed of Company Arrangement to reconstruct and recapitalise. The Company has since completed the DOCA and had its voluntary administration lifted after all creditors agreed to have their claims placed into a creditors trust.

Since then the Ascend Group Limited has successfully raised funds through its existing shareholder base and through new placements of ordinary shares to fund its change of business.

The ability of Ascend Group Limited and controlled entities to continue as a going concern is dependent on:

i. Securing additional funds from future capital raising activities;

ii. Generating operating cash flows from the successful exploitation of 3DTV technologies; and

Since 30 June 2009, Ascend Group Limited raised a further \$152,000 through the issue of 1,520,000 shares at an issue price of \$0.10.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

Indemnifying Officers

All directors have entered into agreements to indemnify them against any liability incurred by the directors in their capacity as a director of an entity within the Ascend Group to the extent that Ascend Asset Management Pty Ltd is not precluded from so indemnifying the Director by the law as in force from time to time or the law generally.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 19.

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

Director ______________________
Alan Beasley

Dated this 22ND day of SEPTEMBER 2010.

DECLARATION OF AUDITOR INDEPENDENCE TO THE
DIRECTORS OF ASCEND GROUP LIMITED

As lead auditor of Ascend Group Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

-the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

-any applicable code of professional conduct in relation to the audit.

KS Black & Co
Chartered Accountants

Stuart H. Cameron

Stuart H Cameron
Partner

Sydney 22/9/10

Ascend Group Limited
ABN: 69 114 162 631 and Controlled Entities

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
Revenue					
Revenue	2	156,844	283,316	6,250	-
Other Revenue	2	58,207	243,455	261,031	55,917
Cost of Sales		(310,362)	(146,135)	-	-
Gross Profit		(95,311)	380,636	267,281	55,917
Expenses					
Employee benefits expense		272,845	649,182	249,483	220,400
Depreciation & amortisation expenses		14,045	9,904	-	-
Impairment expense		59,440	-	6,522	-
Bad debt expense		-	51,800	-	-
Finance costs		1,315	1,439	179	165
Professional fees		402,882	124,781	203,996	61,992
Other expenses	3	444,786	322,183	242,512	149,345
Total Expenses		1,195,313	1,159,289	702,,692	431,902
Loss before income tax		(1,290,624)	(778,653)	(435,411)	(375,985)
Income tax expense	4	-	-	-	-
Loss attributable to members of the parent entity		(1,290,624)	(778,653)	(435,411)	(375,985)
Overall Operations					
Basic earnings per share ($ per share)		(0.0135)	(0.0171)	(0.0046)	(0.0083)
Diluted earnings per share ($ per share)		(0.0135)	(0.0171)	(0.0046)	(0.0083)

These financial statements should be read in conjunction with the accompanying notes

Ascend Group Limited
ABN: 69 114 162 631 and Controlled Entities

BALANCE SHEET AS AT 30 JUNE 2009

	Note	Consolidated Group 2009 $	Consolidated Group 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8	25,754	94,685	3,172	1,858
Trade and other receivables	9	160,717	56,091	6,902	15,851
Other assets	10	96,450	238,880	80,000	80,858
TOTAL CURRENT ASSETS		282,921	389,656	90,074	98,567
NON –CURRENT ASSETS					
Trade and other receivables	9	-	-	414,250	458,725
Financial assets	11	200,983	401,942	1,107,911	1,107,911
Property, plant and equipment	13	-	29,788	-	-
Intangible assets	14	-	37,175	-	-
TOTAL NON-CURRENT ASSETS		200,983	467,905	1,522,161	1,566,636
TOTAL ASSETS		483,904	858,561	1,612,235	1,665,203
CURRENT LIABILITIES					
Trade and other payables	15	956,165	278,783	295,140	151,282
TOTAL CURRENT LIABILITIES		956,165	278,783	295,140	151,282
TOTAL LIABILITIES		956,165	278,783	295,140	151,282
(DEFICIENCY IN)/NET ASSETS		(472,261)	579,778	1,317,095	1,513,921
EQUITY					
Issued capital	16	1,612,045	1,373,460	1,612,045	1,373,460
Options reserve	17	531,475	531,475	531,475	531,475
Retained earnings		(2,615,781)	(1,325,157)	(826,425)	(391,014)
(DEFICIENCY IN)/TOTAL EQUITY		(472,261)	579,778	1,317,095	1,513,921

These financial statements should be read in conjunction with the accompanying notes

Ascend Group Limited
ABN: 69 114 162 631 and Controlled Entities

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

		Share Capital		Reserves	
	Note	Shares on Issue	Accumulated Losses	Options Reserve	Total
Consolidated Entity					
Balance at 1 July 2007		10	(15,029)	-	(15,019)
Shares issued during the year	16	1,405,937	-	-	1,405,937
Costs of raising share capital		(32,487)	-	-	(32,487)
Loss attributable to members of parent entity		-	(778,653)	-	(778,653)
Transfer in of losses on acquisition of wholly owned subsidiary			(531,475)	-	(531,475)
Total recognised income and expenses for the period		-	(1,310,128)	-	(1,310,128)
Options issued during the year	17	-	-	531,475	531,475
Balance at 1 July 2008		1,373,460	(1,325,157)	531,475	579,778
Shares issued during the year	16	247,000	-	-	247,000
Costs of raising share capital		(8,415)	-	-	(8,415)
Loss attributable to members of parent entity		-	(1,290,624)	-	(1,290,624)
Total recognised income and expenses for the period		-	(1,290,624)	-	(1,290,624)
Balance at 30 June 2009		1,612,045	(2,615,781)	531,475	(472,261)

The financial statements should be read in conjunction with the accompanying notes.

Ascend Group Limited
ABN: 69 114 162 631 and Controlled Entities

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009 (Cont.)

		Share Capital		Reserves		
Parent Entity	**Note**	**Shares on Issue**	**Accumulated Losses**	**Asset Revaluation Reserve**	**Options Reserve**	**Total**
Balance at 1 July 2007		10	(15,029)	-	-	(15,019)
Shares issued during the year	16	1,405,937	-	-	-	1,405,937
Costs of raising share capital		(32,487)	-	-	-	(32,487)
Loss attributable to members of parent entity		-	(375,985)	-	-	(375,985)
Total recognised income and expenses for the period		-	(375,985)	-	-	-
Options issued during the year		-	-	-	531,475	531,475
Balance at 1 July 2008		1,373,460	(391,014)	-	531,475	1,513,921
Shares issued during the year	16	247,000		-	-	247,000
Costs of raising share capital		(8,415)		-	-	(8,415)
Loss attributable to members of parent entity		-	(435,411)	-	-	(435,411)
Total recognised income and expenses for the period		-	(435,411)	-	-	(435,411)
Balance at 30 June 2009		1,612,045	(826,425)	-	531,475	1,317,095

These financial statements should be read in conjunction with the accompanying notes.

Ascend Group Limited
ABN: 69 114 162 631 and Controlled Entities

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		128,111	288,632	42,215	-
Interest received		70	3,470	-	1,355
Payments to suppliers and employees		(332,860)	(1,224,675)	(223,260)	(306,272)
Finance costs		(1,316)	(1,439)	(179)	(165)
Net cash (used in)/provided by operating activities	18	(205,995)	(934,012)	(180,224)	(305,083)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(6,522)	(1,640)	(6,522)	-
Investment in subsidiary		-	-	-	(1)
Investor funds receipted and held in trust		-	15,000	-	-
Cash received on acquisition of subsidiary		-	165,954	-	-
Net cash (used in)/provided by investing activities		(6,522)	179,314	(6,522)	(1)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		152,000	829,502	152,000	829,502
Capital raising costs		(8,415)	(32,487)	(8,415)	(32,487)
Loans from/(to) related parties		-	52,358	44,475	(490,084)
Net cash provided by (used in) financing activities		143,585	849,373	188,060	306,931
Net increase in cash and cash equivalents held		(68,932)	94,675	1,314	1,848
Cash and cash equivalents at beginning of financial year		94,686	10	1,858	10
Cash and cash equivalents at end of financial year	8	25,754	96,685	3,172	1,858

These financial statements should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of Ascend Group Limited and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Ascend Group Limited as an individual parent entity ('Parent Entity')

Basis of Preparation
The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are reported below. They have been consistently applied unless stated otherwise.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

a. **Principles of Consolidation**

A controlled entity is any entity Ascend Group Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 12 to the financial statements. All controlled entities have a 30 June 2009 financial year-end for this current year.

For the Company's investment in Ascend Asset Management Pty Ltd and Ascend Corporate Pty Ltd the consolidation has been prepared using a procedures book values method as it was determined that the business combination involved entities under common control and hence it is considered to be outside the scope of AASB3. Common control is established when the combining entities are ultimately controlled by the same party both before and after the combination.

Further, the procedures book values method allows assets and liabilities of the acquiree to be recorded and consolidated at book value and no goodwill is recognised.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the Equity section of the Consolidated Balance Sheet and in the Consolidated Income Statement.

b. **Income Tax**

The charge for current income tax expense is based on the results for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

The charge for current income tax expense is based on the results for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Tax Consolidation

Ascend Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'standalone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 20th November 2007. The head company of the group is Ascend Group Limited

c. **Plant and Equipment**

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	*25% - 50%*

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

d. **Financial Instruments**

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available for sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available -for-sale financial assets. Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are measured at fair value. Changes to the fair value other than impairment and foreign exchange gains and losses on available-for-sale monetary items are recognised directly in the asset revaluation reserve within the Company's and the Group's Statement of Changes in Equity. When an investment is derecognised the cumulative gain or loss is transferred to the Income Statement.

Investments

Investments in controlled entities are carried in the Company's financial statements at cost. All inter-group transactions are eliminated on consolidation.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on the closing prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including option pricing models.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

e. **Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

f. **Investments in Associates**

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the group's share of post acquisition reserves of associates.

g. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentational currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values are determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

h. **Employee Benefits**

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

Employee benefits payable later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of the cash flows.

i. **Equity-settled Compensation**

The group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. Where the equity vest immediately with the employee the fair value of the equity to which that employee is entitled is measured at the grant date and recognised on issue the date to the employee.

The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions.

The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

j. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

k. **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Fund Management Fees are invoiced monthly based on a % of funds under management in the Ascend Funds as per the Product Disclosure Statement. Fund Performance Fees are invoiced every six months and are based on the out performance of the Ascend Funds, compared to the S&P/ASX Small Ordinaries Index and the S&P/ASX 200 Materials Index. For the period to 30 June 2009, the Fund Performance Fees have been accrued. Sales revenue for Services Rendered is billed on a monthly basis for Corporate Advisory fees and at the completion of a capital raising for Capital Raising Fees.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established

All revenue is stated net of the amount of goods and services tax (GST)

l. **Finance**

Finance costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance costs are recognised in income in the period in which they are incurred.

m. **Trade and Other Payables**

These amounts represent liabilities for goods and services provided to Ascend Group Limited and its controlled entities prior to the end of the financial year which are unpaid. The amounts are unsecured

n. **Goods and Services Tax (GST)**

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

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows. There is provision made in the cash flow statements to disclose the applicable GST refunds/payments that have been remitted to the ATO to accurately show the cash position of Ascend Group Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

o. **Comparative Figures**

Comparative figures have been derived from the audited financial statements for Ascend Group Limited for the year ended 30 June 2009, and changes in presentation are made where necessary to comply with accounting standards.

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates — Impairment

Included in accounts receivable at balance date is an amount receivable from sales made to Industrial Buildings Industries Ltd ("IBI") during the current financial year amounting to $45,700. IBI went into Administration on 2 October 2007 and on 25 August 2008 the Administrators issued their final distribution for $2,296.41 representing 2.7 cents in the dollar. As such the amount of $45,700 previously owing as at 30 June 2008 has been written off.

A further provision of $6,100 has been made against other outstanding receivables that are unlikely to be recoverable.

All Property Plant & Equipment was fully impaired and written off due to the Group's voluntary administration.

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Key Judgements — Reversal of Creditors Subject to DOCA

As noted in the Directors Report and subsequent events note, subsequent to balance date Ascend Group Limited entered into voluntary administration on 23 February 2009. After meetings of creditors the Company entered into a Deed of Company Arrangement ("DOCA") to recapitalise the Company. In order to lift the voluntary administrator and begin its new business,

Ascend's administrator established a creditors trust for eventual distribution of amounts owed on a pro rata 'cents in the dollar' basis. This process was finalised in mid 2010, and the distribution rates were $0.0485 and $0.0397 for Ascend Group Limited and Ascend Asset Management Pty Ltd respectively.

As such, any liabilities and creditors owed but not subsequently paid after balance date because they were subject to the DOCA have been reduced on this 'cents in the dollar' valuation. This was done by debiting the relevant liability and crediting Other Revenue, which is disclosed at Note 2.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 2: REVENUE

	Consolidated Group		**Parent Entity**	
		2008	**2009**	**2008**
Sales Revenue		**$**	**$**	**$**
Services Rendered	156,844	283,316	6,250	-
Total Sales Revenue	156,844	283,316	6,250	-
Other Revenue				
Interest received	70	3,470	-	1,355
Recognition of debt forgiveness per voluntary administration	287,350	59,626	217,188	54,494
Gain on disposal of available-for-sale financial assets**	-	62,554	-	-
Other income*	109,280	123,445	43,843	68
Unrealised gains/(losses) on revaluation of financial assets	(338,493)	(5,639)	-	-
Total Other Revenue	58,207	243,456	261,031	55,917
Total Sales Revenue and Other Revenue	215,051	526,772	267,281	55,917

* Other income arose from the release of previously accrued consulting fees relating to commission on capital raisings that are no longer payable.

** On 1 April 2008, the Available for Sale Investments held on the Balance Sheet of Ascend Asset Management Pty Ltd, including shares held in Pacific Environmin Ltd, Vet Biotechnology Ltd, Calix Ltd, Ceebron Pty Ltd, Garimperos Ltd and SDP Technology Ltd, were transferred in-species to the then Ascend Seed Capital Fund, now the Escalation Fund (Class A Units). The shares were transferred at the market value at the date of transfer being $404,940, with the previous gain taken to the revaluation reserve of $361,345 being recognised in the profit and loss. The number of Class A Units received in relation to this transfer were 387,614.

NOTE 3: PROFIT BEFORE INCOME TAX

- Accounting Fees	147,125	79,910	90,398	57,070
- Insurance	18,218	46,312	858	-
- Rent	68,716	40,950	68,716	25,500
- Travel & Accommodation	5,005	38,285	-	1,802
- Advertising	-	28,549	-	3,270
- Share registry fees	6,270	19,414	6,270	19,414
- Other Expenses	199,452	68,763	76,270	42,289
	444,786	322,183	242,512	149,345

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 4: INCOME TAX EXPENSE

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
The components of tax expense comprise:				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
Total	-	-	-	-
Prima facie tax payable/(benefit) on loss from ordinary activities before income tax at 30%:	(387,187)	(233,596)	(130,623)	(112,796)
Add tax effect of:				
- Other non allowable items	147,670	18,943	2,385	9,547
Less tax effect of:				
- Items deductible for taxation but not accounting	(45,154)	-	(39,154)	-
Deferred tax assets not bought to account:	(284,671)	(214,653)	(167,392)	(103,248)
Income tax attributable to entity	-	-	-	-
Tax losses for which no tax has been recognised as deferred tax assets:	(607,081)	(322,410)	(275,149)	(107,757)

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

a) Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	**Position**
Alan Preston Beasley	Director
Douglas Peter LeMessurier	Director
David Henty Sutton	Non Executive Director
John Hanson Boorne	Non Executive Director
William Wang	Non Executive Director
Stephen Wee	Non Executive Director

Key management personnel remuneration has been included in the Remuneration Report section of the Director's Report.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION (CONT.)

b) Options and Rights Holdings

Number of Options Held by Key Management Personnel

	Balance 1/07/2008	Granted as Compensation	Net Change Other*	Balance 30/06/2009	Total Vested 30/06/2009	Total Exercisable 30/06/2009	Total Un-exercisable 30/06/2009
Alan Preston Beasley	7,550,006	1,947,960		9,497,966	7,550,006	-	9,497,966
Douglas Peter LeMessurier	9,056,669	1,000,000		10,056,669	9,056,669	-	10,056,669
David Henty Sutton	4,500,000	450,000	200,000	5,150,000	4,500,000	-	5,150,000
John Hanson Boorne	4,900,003	450,000	200,000	5,550,003	4,900,003	-	5,550,003
William Wang	6,000,000	-	-	6,000,000	6,000,000	-	6,000,000
Stephen Wee	400,000	450,000	200,000	1,050,000	400,000	-	1,050,000
Total	32,406,678	4,297,960	600,000	37,304,638	32,406,678	-	37,304,638

A bonus issue occurred on 16 January 2008 to all shareholders based on one share for every one held. The terms of the options issued to Directors mean that the option reflects the rights of the bonus issue. Since the bonus issue was on a 1 for 1 basis, the options on issue at that date have an underlying exercise of 2 shares for 1 option.

This has resulted in the grant of 21,316,678 additional underlying shares to key management personnel if all options at that date were exercised.

In October 2010, 5.2 million employee share options were allotted to the employees of the Company. These options were valued at nil value using the Black-Scholes valuation method.

* The Net Change Other column above includes those options that have been forfeited by holders as well as options issued during the year under review.

c) Shareholdings

Number of Share held by Key Management Personnel

	Balance 1/07/2008	Bonus Issued**	Received as Compensation	Options Exercised	Net Change Other*	Balance 30/06/2009
Alan Preston Beasley	9,000,012	-	947,960	-	-	9,947,972
Douglas Peter LeMessurier	10,633,338	-	-	-	-	10,633,338
David Henty Sutton	8,000,000	-	-	-	200,000	8,200,000
John Hanson Boorne	9,000,000	-	-	-	200,000	9,200,000
William Wang	6000,000	-	-	-	-	6000,000
Stephen Wee	-	-	-	-	200,000	200,000
Total	42,633,350	-	947,960	-	600,000	44,181,310

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

* Net Change Other refers to shares purchase or sold during the financial year.

** A bonus issue occurred on 16 January 2008 to all shareholders based on one share for every one held. This resulted in the grant of 21,316,678 additions shares to key management personnel at that date.

NOTE 6: AUDITORS' REMUNERATION

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Remuneration of the auditor of the parent entity & subsidiary for:				
- auditing or reviewing the financial report	34,825	-	1,000	-

NOTE 7: EARNINGS PER SHARE

(a) Reconciliation of earnings to profit or loss				
Net Loss	1,290,624	778,653	435,411	375,985
Earnings used to calculate basic EPS	1,290,624	778,653	435,411	375,985
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	95,280,655	45,445,758	95,280,655	45,445,758
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	95,280,655	45,445,758	95,280,655	45,445,758

NOTE 8: CASH AND CASH EQUIVALENTS

CURRENT	25,754	94,485	3,172	1,859
Cash at bank and in hand	25,754	94,485	3,172	1,859
Reconciliation of cash Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:				
Cash and cash equivalents	25,754	94,485	3,172	1,859
	25,754	94,485	3,172	1,859

NOTE 9: TRADE AND OTHER RECEIVABLES

CURRENT				
Trade receivables	166,817	42,246	6,902	24
GST Refundable	-	19,945	-	15,827
Provision for impairment of receivables	(6,100)	(6,100)	-	-
	160,717	56,091	6,902	15,851
NON CURRENT				
Amounts receivable from wholly owned subsidiary	-	-	414,250	458,725
	-	-	414,250	458,725

NOTE 9: TRADE AND OTHER RECEIVABLES (CONT.)

a) **Provision For Impairment of Receivables**

Current trade receivables are non-interest bearing and generally on 30 day terms. Non-current receivables relate to intercompany amounts due to Ascend Group Limited which are non-interest bearing. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in bad debt expenses in the P&L statement.

Movement in the provision for impairment of receivables is as follows:

	Opening Balance 30/06/2008 $	Charge for the year $	Amounts Written Off $	Closing Balance 30/06/2009 $
Consolidated Group				
(i) Current trade receivables	6,100	-	-	6,100
	6,100	-	-	6,100

Included in accounts receivable at 30 June 2008 of $93,366 is an amount receivable from Industrial Buildings Industries Ltd during the current financial year amounting to $45,700. Industrial Buildings Ltd went into Administration on 2/10/2007 and on 25/08/2008 the Administrators issued their final distribution letter with an attached cheque for $2,296.41. As such the amount of $45,700 previously owing as at 30 June 2008 has been written off. A further provision of $6,100 has been made against other outstanding receivables that are past due and are unlikely to be received in due course.

NOTE 10: OTHER ASSETS

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
CURRENT	$	$	$	$
Prepayments	80,960	99,298	80,000	80,858
Accrued Income	15,490	139,582	-	-
	96,450	238,980	80,000	80,858

NOTE 11: FINANCIAL ASSETS

Held for trading assets	1,000	1,000	-	-
Available-for-sale financial assets				
Available-for-sale financial assets comprise:				
- Units in the Ascend Escalation Fund	199,659	400,618	-	-
Unlisted investments at cost				
- Shares in other entities	324	324	-	-
- Shares in controlled entities	-	-	1,107,911	1,107,911
	200,983	401,942	1,107,911	1,107,911

Available-for-sale financial assets comprise investments in the ordinary issued capital of unlisted entities and Units in the Escalation Fund (Class A Units). There are no fixed returns or fixed maturity dates and no intention to dispose of any unlisted available-for-sale investments existed at balance date.

NOTE 12: CONTROLLED ENTITIES

Controlled Entities Consolidated

	Country of Incorporation	Date Acquired	Percentage Owned (%)* 2009
Parent Entity:			
Ascend Group Limited	Australia		
Subsidiaries of Ascend Group Limited:			
Ascend Asset Management Pty Ltd	Australia	20/11/2007	100
Ascend Corporate Pty Ltd	Australia	22/01/2008	100

** Percentage of voting power is in proportion to ownership*

Restructure

On the 20 November 2007, Ascend Group Limited (formerly named Powerplay Securities limited) was interposed as a new holding company above Ascend Asset Management Limited.

The number of shares transferred on that date was 40,525,666 shares and attaching options. As consideration for the transfer of shares and options in Ascend Asset Management Limited by the Members of Ascend Group Limited, the Members of Ascend Group Limited issued a proportionate number of shares and options in Ascend Group Limited. As a result, after the Restructure, each Member held the same percentage equity interest in Ascend Group Limited that the Member held in Ascend Asset Management Limited before the restructure.

In addition to the issued shares and options to officers and employees at balance sheet date, on 19 July 2007 an additional 6,800,000 options were issued at an exercise price of $0.30 expiring on 31 December 2017 and 6,500,000 options were issued at an exercise price of 40 cents, also expiring on 31 December 2017. These unlisted options were approved by the directors and issued to the officers and employees under an existing employee share scheme arrangement in Ascend Asset Management Limited. These unlisted options have also been transferred between parties under the agreement for no consideration.

Given that, at the time, the employee share options were issued, no publicly traded share price existed, the options were valued using the Net Tangible Assets method which gave rise to a nil value. Should the options have been valued using an underlying share price of $0.25, being the value of off-market capital raisings, the 6,800,000 options would have been valued at $0.052 per option and 6,500,000 options would have been valued at $0.025 per option.

At 31 December 2007, management and control rested with the subsidiary, Ascend Asset Management Limited. Subsequent to 31 December 2007, management and control reverted back to the parent entity, Ascend Group Limited. As a result, the reconstruction of Ascend Asset Management Limited by Ascend Group Limited has been treated as a standard business combination, and not as a reverse acquisition.

NOTE 12: CONTROLLED ENTITIES (CONT.)

The purchase price was allocated as follows:

	20/11/2007
	$
Operating Expenses	
Purchase consideration	1,107,911
Cash Consideration	-
Assets and liabilities acquired on reconstruction:	
Current assets	1,123,914
Non-current assets	463,115
Current liabilities	(1,010,593)
	576,436
Options acquired and issued	531,475
Goodwill on consolidation	-
Total	1,107,911

The assets and liabilities arising from the reconstruction are recognised at fair value which is equal to their carrying value at the date of reconstruction.

Formation of Ascend Corporate Ltd

On January 2008, Ascend Corporate Pty Ltd was registered as a new entity with the Australian Securities & Investment Commission. The 1 share was issued for $100 by Ascend Corporate Pty Ltd and is 100% owned by Ascend Group Limited

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Consolidated group		**Parent Entity**	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
PLANT AND EQUIPMENT				
Plant and equipment:				
- At cost	52,800	46,278	6,522	-
- Accumulated depreciation	(27,534)	(16,490)	-	-
- Impairment	(25,266)	-	(6,522)	-
	-	29,788	-	-

NOTE 13: PROPERTY, PLANT AND EQUIPMENT (CONT.)

Movements in carrying amounts
Movement in the carrying amounts between the date of the formation of the Group (20/11/2007) and the end of the current financial year.

	Office Equipment $	Low-Cost Value Pool $	Total $
Consolidated Group			
Balance at 1 July 2008 - at cost	40,902	5,375	46,277
Purchases during the year	6,522	-	6,522
Balance at 30 June 2009	47,424	5,375	52,799
Accumulated Depreciation			
- Balance at 1 July 2008	(14,564)	(1,926)	(16,490)
- Depreciation expense	(9,751)	(1,293)	(11,044)
Balance at 30 June 2009	(24,315)	(3,219)	(27,534)
Impairment Expense			
- Impairment expense	(23,109)	(2,156)	(25,265)
Balance at 30 June 2009	-	-	-
Parent Entity			
Balance at 1 July 2008 - at cost			
Purchases during the year	6,522	-	6,522
Balance at 30 June 2009	6,522	-	6,522
Impairment Expense			
- Impairment expense	(6,522)	-	(6,522)
Balance at 30 June 2009	-	-	-

All Property Plant & Equipment was fully impaired and written off due to the Group's voluntary administration.

NOTE 14: INTANGIBLE ASSETS

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
AFSL application costs	27,978	27,978	-	-
Less: provision for impairment	(27,978)	-		
Net carrying value at cost	-	27,978	-	-
Website development costs	12,000	12,000	-	-
Accumulated amortisation	(5,803)	(2,803)	-	-
Less: provision for impairment	(6,197)	-		
Net carrying value	-	9,197	-	-
Total intangible assets	-	37,175		

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 15: TRADE AND OTHER PAYABLES

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
CURRENT				
Trade payables	829,264	87,119	251,725	20,430
Sundry payables and accrued expenses	-	150,512	-	130,512
GST payable	45,442	-	9,913	
Employee benefits	81,459	41,152	33,501	340
	956,165	278,783	295,140	152,282

NOTE 16: ISSUED CAPITAL

97,079,436 fully paid ordinary shares				
(2008: $10 fully paid ordinary shares)	1,652,947	1,405,947	1,652,947	1,405,947
Less capital raising costs	(40,902)	(32,787)	(40,902)	(32,487)
	1,612,045	1,383,460	1,612,045	1,383,460

Ordinary Shares – Movements

	Number	Number	Number	Number
At beginning of reporting period	89,611,356	-	89,611,356	10
Shares issued during the period				
- For $1 per share	-	-	-	2
- Shares issued on 20/11/2007 as part of restructure	-	40,525,668	-	40,525,666
- For $0.25 per share	-	1,090,000	-	1,090,000
- Bonus issue 1:1	-	41,615,678	-	41,615,678
- For $0.10 per share	-	2,120,000	-	2,120,000
- $0.10 shares issued for NIL consideration	-	1,020,000	-	1,020,000
- Conversion of options at $0.15 which were subject to 1:1 bonus issue	560,000	3,240,000	560,000	3,240,000
- Class conversion of shares	3,425,000	-	3,425,000	-
- For $0.10	2,535,120	-	2,535,120	-
- In consideration of services rendered	947,960	-	947,960	-
At reporting date	97,079,436	89,611,356	97,079,436	89,611,356

Ordinary shares participate in dividends and the proceeds on the winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

For subsequent equity issues see the Directors Report or the subsequent events note.

NOTE 17: RESERVES

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Options Reserve	531,475	531,475	531,475	531,475
	531,475	531,475	531,475	531,475

Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets. Specifically it records the movements in the value of Units held by Ascend Asset Management in Ascend Funds.

Options Reserve

The options reserve records items recognised as expenses on valuation of employee share options.

NOTE 18: CASH FLOW INFORMATION

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Reconciliation of Cash Flow from Operations with Loss after Income Tax				
Loss after income tax	(1,290,624)	(778,653)	(435,411)	(375,985)
Non-cash flows in profit				
Depreciation & amortisation	14,045	9,904	-	-
Impairment expense	59,441	-	6,522	-
Loss on revaluation of financial assets	338,493	5,639	-	-
Gain on disposal of unlisted equities	-	62,554	-	-
Inter-entity expenses	-	-	-	31,359
Share based payments	(42,534)	-	95,000	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
(Increase)/decrease in trade and term receivables	(124,572)	(36,145)	(6,877)	(25)
(Increase)/decrease in prepayments and deposits	18,338	(99,298)	858	-
Increase/(decrease) in accruals receivable	124,092	(139,582)	-	(80,858)
Increase/(decrease) in trade, other payables and accruals	697,328	243,812	159,684	120,426
Increase/(decrease) in net current assets on acquisition of subsidiary	-	(202,239)	-	-
Net cash used in operating activities	(205,995)	(934,012)	(180,223)	(305,083)

NOTE 19: EVENTS SUBSEQUENT TO BALANCE DATE

New Product Disclosure Statements

On 25 July 2008 two new Product Disclosure Statements were issued for the Escalation Fund and the MPS Resources Fund (respectively the A and C class units issued in Ascend Funds ARSN: 113 297 484). The Responsible Entity ("RE") is Columbus Investment Services Limited (AFSL:246943) and the Investment Manager is Ascend Asset Management Pty Ltd (AFSL: 307706) whom is a wholly owned subsidiary of the Company and member of the Group..

The main differences between the previous Product Disclosure Statements and the new Product Disclosure Statements are mainly:

- Increased exposure to listed shares offering investors increased liquidity
- Daily unit pricing as opposed to monthly unit pricing offered previously
- Up to 4.4% (inc GST) available to advisers as commission
- Lower management fee of 1.95% (inc GST less RITC)
- Trail available to large supporters of the product

At a shareholders meeting on 29 August 2008 the following resolutions were passed and approved:

1. Issue of 5,200,000 Options exercisable on or before 31 December 2017 at $0.25 to Directors and Employees
2. Issue of Equity to Directors:
    - 947,960 ordinary fully paid shares with attaching AGLO1 options to Finta Pty Ltd in lieu of consulting fees outstanding to Alan Preston Beasley.
    - 355,120 ordinary fully paid shares with attaching AGLO1 options to First Avenue Investment Pty Ltd in lieu of consulting fees outstanding to Douglas Peter LeMessurier.
    - 200,000 ordinary fully paid shares each to Messrs Wee, Sutton and Boorne in lieu of directors Fees outstanding.
5. Approval of terms and conditions of Pegasus Milestone Agreement to issue 8,561,000 unlisted convertible fully paid shares at $0.10 per share. These shares are convertible into ordinary shares upon the successful completion of certain milestones.
6. Approval was given to ratify the prior issue of up to 3,140,000 shares at an issue price of $0.10 and attaching free 1:1 options up to 2,920,000 options with an exercise price of $0.15 expiring 30 June 2015.

Write-off of amounts receivable:

Industrial Buildings Industries Ltd went into Administration on 2 October 2007 and on 25 August 2008 the Administrators issued their final distribution letter with an attached cheque for $2,296.41 representing a distribution of 2.7 cents in the dollar. As such the previous amount owed of $45,700 as at 30 June 2008 has been written off.

Subsequent to balance date the total balance of the inter entity loan owed from wholly owned subsidiary Ascend Asset Management Pty Ltd to the Company was written off ($393,381) after the general meeting on 24 September 2009 where shareholders resolved to forgive the inter entity debt.

NOTE 19: EVENTS SUBSEQUENT TO BALANCE DATE (CONT.)

Voluntary Administration of the Group with the Exception of Ascend Corporate:

- In late 2008 the Group experienced funding difficulties which were a combination of bad debtors, illiquid assets and the global financial crisis which contributed to declining revenues and a poor market for new investors;
- On 23 February 2009 Ascend Group Limited ("AGL") and wholly owned subsidiary Ascend Asset Management Pty Ltd ("AAM") were placed into voluntary administration;
- Following creditors' meetings held on 5 March 2009, 30 March 2009 and 3 June 2009, on 29 June 2009 a Deed Of Company Arrangement ("DOCA") was entered into by AGL and on the same day wholly owned subsidiary AAM also entered into a separate DOCA;
- The Director's of AGL accepted a proposal from Empire Securities Pty Ltd who later nominated Martin Place Securities Nominees Pty Ltd to reconstruct and recapitalise AGL to fund the two DOCA's and allow AGL and AAM to continue as a going concern. Shareholders voted in favour of this at the 24 September 2009 general meeting;
  - In AGL this lead to the issue of equity on the following basis, in return for $93,000 which was used to fund the DOCA:
    - 147,959,154 shares;
    - 97,168,142 unlisted options with a $0.15 strike price and 30 June 2015 expiry.
  - In AAM this lead to a 100% acquisition of the issued capital from AGL which occurred on 29 June 2010 at which date AAM ceased to be a wholly owned subsidiary of AGL.
- 30 October 2009 the securities of AGL were suspended from trading on the National Stock Exchange ("NSX")

Wind-up of the Ascend Funds:

The responsible entity Columbus advised the administrator of AGL and AAM on 24 March 2009 of its intention to wind up the funds.

This lead to a termination of Columbus' services and distribution of the fund's assets to the unit holders using cash and in-specie distributions of shares in listed and unlisted entities.

Resolutions Passed at Shareholders Meetings ("GM's") and Extraordinary General Meetings ("EGM's"):

On 24 September 2009 a GM of shareholders was held and proposals approved by shareholders lead to:

- Approval of the share issue and sale of AAM to fund AGL and AAM's respective DOCA's;
- The inter entity debt of $393,381 being forgiven;
- In recognition of corporate advisory services performed by Mr Kevin Lynn necessary to arrange the funding of the DOCA's, the issue of:
  - 2,000,000 shares;
  - 2,000,000 unlisted options with a $0.15 strike price and 30 June 2015 expiry.

On 16 July 2010 an EGM was held where unanimously all resolutions were approved by shareholders present:

- Approval of re-election of all Directors;
- Approval of Directors shares to be issued;
- Change in business focus to the exploitation and commercialisation of 3DTV;
- Removal of auditor and appointment of KS Black.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Sale of Ascend Corporate Pty Ltd:

Ascend Corporate Pty Ltd who is a wholly owned subsidiary of AGL for the reporting period of the enclosed financial statements, was subsequently sold to previous AGL Director Mr Douglas Peter LeMessurier on 29 June 2010.

This sale was in the best interest of AGL shareholders as Ascend Corporate Pty Ltd was excluded from the voluntary administration process and had accrued debts related to the prior business of the Group.

Appointment of KS Black as Auditors:

At the general meeting of shareholders held on 16 July 2010 the removal of Duncan & Dovico was approved and KS Black was approved as the Group's ASIC appointed auditor.

New Business Direction:

On 16 July 2010 AGL at a general meeting, shareholders approved a change in business focus and redirection for the Company.

Re-Capitalisation:

Subsequent to balance date AGL issued a rights issue to the existing shareholders to provide funding for AGL's new business direction. By the shareholders meeting on 16 July 2010 first stage funding had been provided to Stereo Screen Systems Pty Ltd ("S3") to assemble and demonstrate a proof of concept for the 3DTV technology.

NOTE 20: RELATED PARTY TRANSACTIONS

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Alice LeMessurier, daughter of Douglas Peter LeMessurier, a Director, provided consultancy services through LeMessurier Securities Pty Ltd, an entity controlled by Mr LeMessurier. Amounts are invoices for Alice's role as commercial manager prior to her becoming an employee on 1 March 2008.	-	122,943	-	-
Frederick Roy LeMessurier, brother of Douglas Peter LeMessurier, a Director provided services as a sole trader at a rate of $80 per hour to assist in general administration tasks.	10,160	76,974	10,160	-
James Beasley, son of Alan Beasley, a Director, provided consultancy services at a rate of $25 per hour to assist in general administration tasks.	-	7,150	-	-
Pegasus Corporate Advisory Pty Ltd provided consultancy services to Ascend Group Limited. Michael Anthony John Brown and Nicholas William Andres, Directors of Pegasus Corporate Advisory Pty Ltd were appointed Directors of Ascend Group Limited on 22/08/2008. The two companies entered into a service agreement whereby Pegasus receives $10,000 per month.	10,000	10,000	10,000	-

NOTE 21: FINANCIAL RISK MANAGEMENT

Treasury Risk Management

Due to the size of the Company, a separate finance committee does not exist. The full Board considers credit risk policies and future cash flow requirements as required.

The Board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Financial Exposures and Management

The group's financial instruments consist mainly of deposits with banks, accounts receivable, loans receivable, promissory notes and monies that are transferred to and from subsidiaries.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

No derivatives are being used by the group during the financial year. The group does not speculate in the trading of derivative instruments.

Foreign currency risk

The group is not directly exposed to fluctuations in foreign currencies.

Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The group's operations require it to raise capital on an on-going basis. If the group does not raise capital in the short term, it can continue as an going concern by reducing planned but not committed expenditure until funding is available and/or entering into joint venture arrangements where capital is funded by the joint venture partner.

Maturity Analysis of Financial Liabilities:

Consolidated Entity	**Carrying Amount**	**Contractual Cash Flows**	**< 6 Months**
	$	**$**	**$**
2009			
CURRENT LIABILITIES			
Accounts payable	829,264	829,264	-
2008			
CURRENT LIABILITIES			
Accounts payable	85,225	85,225	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Parent Entity	Carrying Amount	Contractual Cash Flows	< 6 Months
	$	$	$
2009			
CURRENT LIABILITIES			
Accounts payable	251,725	251,725	-
2008			
CURRENT LIABILITIES			
Accounts payable	20,430	20,430	-

Credit risk

Credit risk is managed on a group basis and refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the group as well as through deposits with financial institutions. The group has adopted the policy of only dealing with credit worthy counterparties obtaining sufficient collateral or other security where appropriate as means of mitigating the risk of financial loss from defaults and only banks and financial institutions with an 'A' rating utilised. The group measures risk on a fair value basis.

The maximum exposure to credit risk at balance date is as follows:

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Trade and other receivables	176,207	175,727	6,902	25

Price risk

The group is exposed to the risk of stock market movements which will affect the investment value of listed entities held by the Ascend Funds and hence the unit price of units held in the Ascend Funds. The Investment Committee aims to reduce this risk by carefully monitoring and managing the portion of investments in listed and unlisted entities.

NOTE 21: COMPANY DETAILS

Ascend Group Limited

The ***registered office*** of the Company is::

Ascend Group Limited

C/O Martin Place Securities

Suite 302

Level 3

14 Martin Place

SYDNEY NSW 2000

The ***principal places of business*** is:

Ascend Group Limited

C/O Martin Place Securities

Suite 302

Level 3

14 Martin Place

SYDNEY NSW 2000

Ascend Group Limited
ABN: 69 114 162 631 and Controlled Entities

DIRECTORS DECLARATION

THE DIRECTORS OF THE COMPANY DECLARE THAT:

1. the financial statements and notes, as set out on pages 20 – 47, are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards and the Corporations Regulations 2001; and
   b. give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the Company and consolidated entity;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
   a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   b. The financial statements and the notes for the financial year comply with the accounting standards; and
   c. the financial statements and notes for the financial year give a true and fair view; and
3. in the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director ______________________

Alan Beasley

Dated this 22nd day of September 2010.

INDEPENDENT AUDIT REPORT TO THE
MEMBERS OF ASCEND GROUP LIMITED

Report of the Financial Report
We have audited the accompanying financial report of Ascend Group Limited (the "company") and the group which comprises the balance sheet as at 30 June 2009, the income statement, statement of changes in equity, and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company.

Directors' Responsibility for the Financial Report
The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 the audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditors' 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, the auditor considers internal control relevant to the entity's preparation and fair presentation to the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 would be in the same terms if it had been given to the directors at the time this auditors' report was made.

Basis for Qualified Auditor's Opinion
Ascend Group Limited and wholly owned subsidiary Ascend Asset Management Pty Ltd were placed in voluntary administration on 23 February 2009. Although both emerged from voluntary administration as a result of resolutions passed at a general meeting of shareholders held on 24 September 2009, their records have been retained by the voluntary administration. As a result, we are unable to verify all transactions for the period up to the date of this Report and their impact on the financial statements.

Qualified Audit Opinion
In our opinion, except for the matters discussed above, the financial report of Ascend Group Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and 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 (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Significant Uncertainty Regarding Going Concern
The consolidated group had a loss of $1,290,624 for the year ended 30 June 2009, and the company a loss of $435,411 for the year ended 30 June 2009. The consolidated group had a deficiency in net assets as at 30 June 2009 of $472,261. As a result, unless further funds are obtained, the consolidated group and the company may not continue as a going concern.

KS Black & Co
Chartered Accountants

Stuart H. Cameron

Stuart H Cameron
Partner

Sydney 22/9/10