



Australian Property Systems Limited

ABN 93 096 925 610

Annual Report

30 June 2010

AUSTRALIAN PROPERTY SYSTEMS LIMITED
CORPORATE DIRECTORY AND INFORMATION

Directors	Geoff Thomas Stephen Jones James Whitelaw
Company secretary	James Whitelaw
Annual general meeting	16 September 2011
Registered office	Level 22, 333 Ann St Brisbane QLD 4000 Telephone: (07) 3234 8988
Share register	Link Market Services Level 12, 300 Queen Street, Brisbane QLD 4000 Telephone: (02) 8280 7454
Auditor	Johnston Rorke Chartered Accountants Level 30, Central Plaza One 345 Queen Street Brisbane QLD 4000
Solicitors	Deacons Solicitors Level 17, 175 Eagle Street Brisbane QLD 4000
Bankers	Westpac Banking Corporation 260 Queen Street Brisbane QLD 4000 National Australia Bank 308-322 Queen St Brisbane QLD 4000
Stock exchange listing	Newcastle Stock Exchange of Australia Level 2, 117 Scott St Newcastle NSW 2300

AUSTRALIAN PROPERTY SYSTEMS LIMITED

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities ("the consolidated entity" or "the Group") for the financial year ended 30 June 2010.

1. Directors

The names and details of the company's directors in office during the year and until the date of this report are as follows:

Geoff Thomas (appointed 23 December 2010)
Stephen Jones (appointed 23 December 2010)
James Whitelaw (appointed 23 December 2010)
Geoffrey Jamieson (resigned 30 October 2009)
Brian Wilkie (resigned 23 December 2010)
Logan Campbell (resigned 20 November 2009)
John Rivett (appointed 10 August 2010, resigned 23 December 2010)
Neil Gibson (appointed 27 November 2009, resigned 23 December 2010)

Information on Directors

Information on directors at the date of this report:

Geoff Thomas *Executive Chairman*

Mr Geoff Thomas through his entity Presidential Capital Pty Ltd is one of APSL's largest shareholders. Mr Thomas is the former owner of Capitalcorp Finance & Leasing.

Stephen Jones *Executive Chairman*

Mr Stephen Jones, is a former property partner of one of Brisbane's largest legal firms, McCullough Robertson

James Whitelaw *Director and Company Secretary*

Mr Whitelaw is a member of the Institute of Chartered Accountants and partner of HMW Partners.

2. Principal Activities

The principal activity of the consolidated entity during the financial year was seeking opportunities for the company's development management system. The system allows the consolidated entity to either licence its system or project manage developments under the system.

3. Dividends

No dividends have been paid or declared during the year or since the end of the financial year.

AUSTRALIAN PROPERTY SYSTEMS LIMITED

DIRECTORS' REPORT

4. Review of Operations

The consolidated entity recorded a net loss for the year of \$498,678 (2009: loss of \$1,105,429).

Since balance date there has been no revenue other than a small amount of interest income and expenses have been kept to a minimum. In August 2010 APSL received \$81,603 from the Australian Taxation Office for research and development concession claims in respect of expenditure incurred in the 2009 financial year for projects registered with Innovation Australia. In July 2011 the Group received \$50,000 as a loan from an entity associated with Geoff Thomas, a director of the Company appointed on 23 December 2010. The loan is secured by a fixed charge over the intellectual property patents and a floating charge over the assets of the company and repayable in six months. Interest is payable monthly in advance at a rate of 24% per annum, to be reduced to 20% if the Group does not default on the loan. The loan is convertible to ordinary shares at the option of the lender at a price to be determined.

The current board has been in office since 23 December 2010 following the extraordinary general meeting where shareholders voted against various resolutions which included a proposed rights issue and placement to raise a maximum of \$145,669. The current directors intend to undertake a capital raising by way of an underwritten non-renounceable rights issue on the basis of 5 ordinary shares for every 2 shares held to raise \$260,000. The proceeds are to be used to fund the ongoing operations of the Group in the short term while the directors investigate the business potential of the Group's property development system and associated intellectual property. The rights issue is being fully underwritten by an entity associated with James Whitelaw and Geoff Thomas. There is no underwriting fee chargeable.

Since balance date, the Technology Licence Agreement with Australian Property Systems (No 1) Pty Ltd, an entity associated with former directors, Geoffrey Jamieson and Brian Wilkie, has been terminated and related technology assets acquired by the Group for \$1.00. Licence fees paid to Australian Property Systems (No 1) Pty Ltd were \$60,000 per annum.

Notwithstanding the losses to date, the directors believe the consolidated entity is a going concern and able to pay its debts as and when they become due and on the basis:

- the consolidated entity's liabilities are not large – being \$115,043 at 30 June 2010 and \$66,836 at 31 December 2010;
- the consolidated entity's level of expenditure has been reduced;
- cash received from the proposed underwritten rights issue will be sufficient to fund the ongoing operations in the short term; and
- the loan provided by Geoff Thomas of \$50,000 is not called upon for repayment.

5. Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the financial year.

6. Subsequent Events

Except for those matters set out in note 23 of the financial statements, no other matter or circumstance has arisen since 30 June 2010 that has significantly affected, or may significantly affect the Group operations in future financial years, or results of those operations in future financial years, or the state of affairs in future financial years.

7. Likely Developments and Expected Results of Operations

The directors intended to undertake a capital raising by way of an underwritten non-renounceable rights issue on the basis of 5 ordinary shares for every 2 shares held to raise \$260,000. These funds are used to fund the ongoing operations of the Group in the short term while the directors investigate the business potential of the Group's property development system.

8. Environmental Regulation

The directors are not aware of any particular and significant environmental regulation under a law of the Commonwealth, State or Territory relevant to the consolidated entity.

AUSTRALIAN PROPERTY SYSTEMS LIMITED

DIRECTORS' REPORT

9. Directors' Interests

The interests of the current directors in the company at the date of this report are as follows:

	Ordinary Shares	Options
G Thomas	10,625,000	-
S Jones	-	-
J Whitelaw	-	-

10. Share Options

Shares under option

Unissued ordinary shares of Australian Property Systems Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise price	Number under option
3/01/2007	2/01/2012	\$1.00	1,000,000
10/05/2007	9/05/2012	\$2.00	1,000,000

No option holder has any right under the options to participate in any other share issue of the company or of any other entity.

There was no exercise of options over ordinary shares of Australian Property Systems Limited during the year ended 30 June 2010 or since the end of the financial year.

11. Remuneration Report

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

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Share-based payment compensation.

The information provided in this remuneration report has been audited as required by Section 308 (3C) of the Corporations Act 2001.

A. Principles used to determine the nature and amount of remuneration

The policy for determining the nature and amount of emoluments of board members and senior executives is as follows:

Executives

The board remuneration policy is to ensure that remuneration packages properly reflect the person's duties, responsibilities and performance and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Non-executive directors

Fees and payments to non-executive directors reflect the financial status of the consolidated entity, and the demands that are made on, and the responsibilities of the directors. Non-executive directors' fees are reviewed annually by the board and are set within the limits approved by shareholders. No retirement benefits are payable to non-executive directors.

AUSTRALIAN PROPERTY SYSTEMS LIMITED

DIRECTORS' REPORT

11. Remuneration Report (cont'd)

Long-term incentives

As a long-term incentive, eligible employees and directors of the company can, from time to time, be invited to apply for redeemable preference shares in APSLSP Pty Ltd in accordance with the terms and conditions of the APSLSP Pty Ltd Share Scheme Deed. This invitation is discretionary and not based on any service or performance criteria. The redeemable preference shares are non-voting and entitle the holders to participate in dividends as declared by the board of APSLSP Pty Ltd. APSLSP Pty Ltd operates for the purpose of providing eligible employees and directors of the company with a means to participate in profits of the company through dividend distributions. The principal activity of APSLSP Pty Ltd is to own issued share capital of the company and derive income through the receipt of dividends from the company.

B. Details of remuneration

Directors

The following persons were directors of Australian Property Systems Limited during the past two financial years:

Geoff Jamieson - Executive Director (resigned 30 October 2009)
 Logan Campbell - Managing Director (resigned 20 November 2009)
 Brian Wilkie - Non-Executive Director
 Neil Gibson - Non-Executive Director (appointed 27 November 2009)

Details of the nature and amount of remuneration of the directors and the key management personnel of the consolidated entity are:

	Short-term benefits		Termination	Share-based	Total
	Cash salary and fees	Cash bonus	Benefits	payment Options	
	\$	\$	\$	\$	\$
2010					
Directors					
Geoff Jamieson	62,500	-	-	-	62,500
Logan Campbell	77,000	-	26,700	-	103,700
Brian Wilkie	-	-	-	-	-
Neil Gibson	-	-	-	-	-
	139,500	-	26,700	-	166,200
2009					
Directors					
Geoff Jamieson	250,000	-	-	-	250,000
Logan Campbell	176,666	-	-	-	176,666
Brian Wilkie	-	-	-	-	-
	426,666	-	-	-	426,666
Other key management personnel					
T Peach	8,708	-	-	-	8,708
	435,374	-	-	-	435,374

There were no other executives in the current or prior year other than Trevor Peach. During the 2009 financial year Trevor Peach resigned from his management position and ended his consultancy agreement with the Company. All directors and other key management personnel are engaged by Australian Property Systems Limited.

Share-based payment compensation benefits were not granted in the current year.

AUSTRALIAN PROPERTY SYSTEMS LIMITED

DIRECTORS' REPORT

11. Remuneration Report (cont'd)

C. Share-based payment compensation

Options

There were no equity instruments issued as remuneration over the past two financial years. There are no bonuses or grants of options or shares outstanding as a result of key management personnel meeting performance criteria in 2009 or 2010.

The terms and conditions of the options granted affecting remuneration in the previous reporting periods are as follows:

Grant date	Expiry date	Exercise price	Value per option at grant date	Number under option
9 August 2005	8 August 2010	\$0.50	0.175 cents	25,000,000

On 9 August 2005, shareholders approved the grant of 25,000,000 options to a number of former directors. The options were granted to provide an incentive to turn the company around from its then current losses and achieve a target being a sustainable price above the grant option exercise price of 50 cents. The options vested upon grant date and were exercisable at any time between grant and expiry date. They carried no dividend or voting rights and were issued free of charge. The options expired on 8 August 2010.

12. Directors' Meetings

The number of directors' meetings and number of meetings attended by each of the directors of the company during the financial year are:

Director	Board Meetings	
	A	B
Geoff Jamieson	1	1
Brian Wilkie	1	1
Logan Campbell	-	-
Neil Gibson	1	1

A – Number of meetings attended during the year

B – Number of meetings held during the time the director held office

There are no committees of the board of directors.

13. Indemnifying Officers or Auditor

The company has agreed to indemnify current and former directors of the company against all liabilities to another person (other than the company or a related body corporate) that may arise from their position as directors of the company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The nature of the indemnity is that the company will meet the full amount of any such liabilities, including costs and expenses.

The company has not maintained a contract of insurance during the financial year which insures any person who is or has been an officer of the consolidated entity against certain liabilities in respect of their duties as an officer of the consolidated entity.

AUSTRALIAN PROPERTY SYSTEMS LIMITED

DIRECTORS' REPORT

14. Auditor

Johnston Rorke continues in office in accordance with Section 327 of the Corporations Act 2001.

Auditors' Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached to this report.

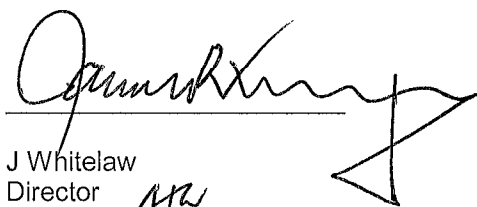
Non-Audit Services

The company may decide to employ Johnston Rorke on assignments additional to its statutory duties where the auditor's expertise and experience with the company and/or the consolidated entity are important.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 as none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

There were no fees paid or payable to the auditor for non-audit services in the 2009 and 2010 financial years.

This report is made in accordance with a resolution of the board of directors.



J Whitelaw
Director
Dated this 4th day of August 2011

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The Directors
Australian Property Systems Limited
Level 2
333 Ann Street
BRISBANE QLD 4000

Auditor's Independence Declaration


As lead auditor for the audit of the financial report of Australian Property Systems Limited for the financial year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

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

JOHNSTON RORKE
Chartered Accountants



R C N WALKER
Partner

Brisbane, Queensland
 4 August 2011

AUSTRALIAN PROPERTY SYSTEMS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Consolidated 2010 \$	2009 \$
Revenue			
Consulting fees		-	150,955
Licence and training		-	16,000
Sale – property held for resale		-	270,000
Interest		2,001	19,422
Other		353	1,464
		<u>2,354</u>	<u>457,841</u>
Other income			
Research and development tax concession	4	13,313	129,934
		<u>15,667</u>	<u>587,775</u>
Expenses			
Cost - property held for resale		-	220,157
Consulting fees		167,949	574,953
Licensing fees		78,106	116,487
Audit fees		25,000	29,000
Depreciation		17,201	7,041
Doubtful debts		30,841	72,042
Computer costs		62,691	29,503
Finance costs		248	379
Impairment – software development	9	-	284,681
Impairment – loan receivable	7	26,592	167,651
Other expenses		105,717	180,239
		<u>514,345</u>	<u>1,682,133</u>
Loss before income tax	4	(498,678)	(1,094,358)
Income tax expense	5	-	-
Loss for the year		<u>(498,678)</u>	<u>(1,094,358)</u>
Other comprehensive loss for the year		-	-
Total comprehensive income for the year		<u>(498,678)</u>	<u>(1,094,358)</u>
Total comprehensive loss for the year is attributable to:			
Owners of the parent		(498,678)	(1,105,429)
Non-controlling interest		-	11,071
		<u>(498,678)</u>	<u>(1,094,358)</u>
		Cents	Cents
Basic and diluted earnings per share	20	(0.95)	(2.1)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

AUSTRALIAN PROPERTY SYSTEMS LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2010

	Notes	Consolidated	
		2010	2009
		\$	\$
Current Assets			
Cash and cash equivalents	6	18,513	365,004
Trade and other receivables	7	-	62,032
Total current assets		<u>18,513</u>	<u>427,036</u>
Non-Current Assets			
Trade and other receivables	7	-	26,592
Property, plant and equipment	8	-	17,201
Total non-current assets		<u>18,513</u>	<u>43,793</u>
Total assets		<u>18,513</u>	<u>470,829</u>
Current Liabilities			
Trade and other payables	10	115,043	68,681
Total current liabilities		<u>115,043</u>	<u>68,681</u>
Total liabilities		<u>115,043</u>	<u>68,681</u>
Net assets/(liabilities)		<u>(96,530)</u>	<u>402,148</u>
Equity			
Contributed equity	11	3,381,000	3,381,000
Reserves	12	403,723	403,723
Accumulated losses	13	(3,881,253)	(3,382,575)
Parent entity interest		(96,530)	402,148
Non-controlling interest		-	-
Total equity/(deficiency)		<u>(96,530)</u>	<u>402,148</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

Consolidated	Contributed equity \$	Share-based payments reserve \$	Accumulated losses \$	Non- controlling interest \$	Total \$
Balance at 30 June 2008	3,381,000	403,723	(2,277,146)	(11,071)	1,496,506
Profit/(Loss) for the year	-	-	(1,105,429)	11,071	(1,094,358)
Balance at 30 June 2009	3,381,000	403,723	(3,382,575)	-	402,148
Loss for the year	-	-	(498,678)	-	(498,678)
Balance as at 30 June 2010	3,381,000	403,723	(3,881,253)	-	(96,530)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Consolidated 2010 \$	2009 \$
Cash Flows From Operating Activities			
Receipts from operating activities		31,544	124,739
Proceeds from sale of property		-	270,000
R&D tax concession		13,313	246,112
Payments to suppliers and employees		(393,101)	(918,443)
Interest received		2,001	9,873
Finance costs		(248)	(379)
Net cash outflows from operating activities	19	(346,491)	(268,098)
Cash Flows From Investing Activities			
Payments for plant and equipment		-	(9,163)
Payments for intangible assets		-	(94,680)
Loans provided to AAHA/other		-	(160,000)
Net cash outflows from investing activities		-	(263,843)
Cash Flows From Financing Activities			
Payments of share issue costs		-	(35,000)
Net cash inflows/(outflows) from financing activities		-	(35,000)
Net decrease in cash and cash equivalents held		(346,491)	(566,941)
Cash and cash equivalents at the beginning of the financial year		365,004	931,945
Cash and cash equivalents at the end of the financial year	6	18,513	365,004

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements relate to the consolidated entity consisting of Australian Property Systems Limited and its subsidiaries. Separate financial statements of Australian Property Systems Limited as an individual entity are no longer presented as a consequence of a change to the *Corporations Act 2001*. Limited financial information for the parent entity, however, is disclosed in note 23. It has been prepared on the same basis as the consolidated financial statements, as set out below.

(a) Basis of preparation

This general purpose financial report for the financial year ended 30 June 2010 has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

Compliance with IFRSs

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of Australian Property Systems Limited comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Financial statement presentation

The group has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Australian Property Systems Limited ("company" or "parent entity") as at 30 June 2010 and the results of all subsidiaries for the year then ended. Australian Property Systems Limited and its subsidiaries together are referred to in the financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of significant accounting policies (cont'd)

(b) Principles of consolidation (cont'd)

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(g)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statements of comprehensive income, statement of changes in equity and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Australian Property Systems Limited.

Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Australian Property Systems Limited.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

Change in accounting policy

The group has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in no change to segment reporting for the current year due to the Group operating in only one segment.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of significant accounting policies (cont'd)

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, duties and taxes paid.

Consulting fees are recognised as revenue as the services are provided.

Interest revenue is recognised on a time proportional basis that takes into account the effective yield on the financial asset.

Government Grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

(e) Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of significant accounting policies (cont'd)

(f) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in liabilities. Each lease payment is allocated between the liability and finance costs. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the estimated useful life of the asset. Where there is no reasonable certainty that the lessee will obtain ownership, the asset is depreciated over the shorter of the lease term and the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the lease term.

(g) Business combinations

The acquisition method of accounting is used to account for all business combinations, excluding business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of significant accounting policies (cont'd)

(h) Inventories

Inventories comprise property held for resale and are stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes cost of acquisition and development cost.

(i) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

(j) Cash and cash equivalents

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

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the profit or loss.

(l) Investments and other financial assets

The Group is required to classify its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

The Group has no financial assets at fair value through profit or loss or available for-sale financial assets.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of significant accounting policies (cont'd)

(l) Investments and other financial assets (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans to subsidiaries are classified as non-current assets when it is expected that the loans will not be repaid within 12 months from the balance sheet date.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

(m) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of significant accounting policies (cont'd)

(n) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation of assets is calculated on a diminishing value or straight line method to allocate their cost, net of their residual values, over their estimated useful lives. The depreciation rates used for each class of depreciable asset are:

<i>Class</i>	
Plant and equipment	7.5%-37.5%

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 (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

(o) Intangible assets

Costs incurred in developing products or systems and costs incurred in acquiring software licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include direct costs of materials and service, direct payroll and payroll related costs of employees time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

(p) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of significant accounting policies (cont'd)

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

The Group makes contributions to defined contribution superannuation funds. Contributions are recognised as an expense as they become payable.

(iv) Share-based payments

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(v) Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of significant accounting policies (cont'd)

(r) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from total equity. In the company's financial statements, the transactions of the Employee Share Scheme (APSLSP Pty Ltd) are treated as being executed directly by the company. Accordingly, shares held by APSLSP Pty Ltd are recognised as treasury shares and deducted from equity.

(s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the company, on or before the end of the financial year but not distributed at balance date.

(u) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities recoverable from, or payable, to the taxation authority are presented as operating cash flows.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of significant accounting policies (cont'd)

(v) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

(w) New accounting standards and interpretations

Relevant accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the year are as follows:

Standard/Interpretation	Application date of standard	Application date for the Group
AASB 124 <i>Related Party Disclosures</i> – revised and consequential amendments to other accounting standards resulting from its issue	1 Jan 2011	1 Jul 2011
AASB 9 <i>Financial Instruments</i> – revised and consequential amendments to other accounting standards resulting from its issue	1 Jan 2013	1 Jul 2013
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i> and consequential amendments to other accounting standards resulting from its issue	1 Jul 2013	1 Jul 2013
AASB 2009-5 <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	1 Jan 2010	1 Jul 2010
AASB 2009-8 <i>Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions</i>	1 Jan 2010	1 Jul 2010
AASB 2009-10 <i>Amendments to Australian Accounting Standards – Classification of Rights Issues</i>	1 Feb 2010	1 Jul 2010
AASB 2010-3 <i>Amendments to Australian Accounting Standards Arising from the Annual Improvements Project</i>	1 Jul 2010	1 Jul 2010
AASB 2010-4 <i>Amendments to Australian Accounting Standards Arising from the Annual Improvements Project</i>	1 Jan 2011	1 Jul 2011
Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 Jul 2010	1 Jul 2010

The Directors anticipate that the adoption of these Standards and Interpretations in future years may have the following impacts:

AASB 124 – These amendments apply retrospectively and remove the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. When the amendments are applied the Group will need to disclose any transactions between its subsidiaries and associates. As the Group is yet to put systems in place to capture the necessary information, it is yet to assess the impact, if any, of the amendment on the related party disclosures. There will be no impact on any amounts recognised in the financial statements.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of significant accounting policies (cont'd)

(w) New accounting standards and interpretations (cont'd)

AASB 9 – This revised standard provides guidance on the classification and measurement of financial assets, which is the first phase of a multi-phase project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. Under the new guidance, a financial asset is to be measured at amortised cost only if it is held within a business model whose objective is to collect contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are payments solely of principal and interest (on the principal amount outstanding). All other financial assets are to be measured at fair value. Changes in the fair value of investments in equity securities that are not part of a trading activity may be reported directly in equity, but upon realisation those accumulated changes in value are not recycled to the profit or loss. Changes in the fair value of all other financial assets carried at fair value are reported in the profit or loss. The Group is yet to assess the impact of the new standard.

AASB 1053 – This standard implements stage 1 of the AASB's revised differential reporting regime. It establishes a differential reporting framework consisting of two tiers of reporting requirements for general purpose accounts – Tier 1 being application of full Australian Accounting Standards and Tier 2 being reduced disclosure requirements. As the Company is listed on the ASX and is not eligible to adopt the reduced disclosure requirements, there will be no impact on the financial statements of the Group.

AASB 2009-5 – These amendments affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments are not expected to have a significant impact on the financial statements.

AASB 2009-8 - Introduces amendments to incorporate the requirements previously included in Interpretation 8 and Interpretation 11. The amendments require an entity that receives goods and services in share-based payment arrangements to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendments are not expected to have a significant impact on the financial statements.

AASB 2009-10 - Clarifies that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments are not expected to have any significant impact on the financial statements.

AASB 2010-3 and AASB 2010-4 – These amendments introduce various changes to IFRSs. The Directors have not yet assessed the impact of the amendments, if any.

Interpretation 19 – This interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. It is not expected to have any impact on the Group's financial statements since it only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the Group has not entered into any debt for equity swaps since that date.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

(x) General

This financial report covers both Australian Property Systems Limited as an individual entity (parent entity) and the consolidated entity consisting of Australian Property Systems Limited and its controlled entities.

Australian Property Systems Limited is a public company limited by shares, incorporated and domiciled in Australia. Its principal places of business is:

Level 22
333 Ann Street
Brisbane QLD 4000

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on managing these risks and implementing and monitoring of controls around the cash management function. The Group's principal financial instruments consist of cash and cash equivalents, receivables and payables. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and aging analysis for credit risk.

The Group's management of treasury activities is centralised and governed by policies approved by the Board of directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, analysing and deciding upon strategies, performance measurement, the segregation of duties and other controls around the treasury and cash management functions.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group has treasury policies in place for deposit transactions for such transactions to be conducted with financial institutions with a strong credit rating.

The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the instruments. At balance date, cash and cash equivalents were held with Commonwealth Bank of Australia. For trade and other receivables, collateral is not normally obtained.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the business. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring that sufficient funds are maintained in cash and cash equivalents. With regard to the contractual maturity analysis, trade and other payables are all payable within 3 months of the reporting date.

Market risk

The Group is not exposed to equity nor commodity price risks. The Group does not have borrowings and therefore the Group's exposure to interest rate risk primarily concerns interest received on cash deposits held at call. The Group is not exposed to foreign exchange risk.

Based on the financial instruments held at 30 June 2010, had interest rates weakened/strengthened by 1% with all other variables held constant, the Group's post-tax result for the year would have shown negligible movements for each of the reporting periods.

Net fair values

The net fair values of financial assets (net of any provision for impairment) and financial liabilities approximate their carrying amounts due to either their short term nature or their terms and conditions including interest receivable/payable at variable rates.

Capital risk management

The Group's and parent entity's objectives when managing capital are primarily to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders. Capital is total equity as disclosed in the balance sheet.

3. Segment information

The Group has one reportable segment being the seeking of opportunities to provide services in respect of property development in Australia.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

4. Loss before income tax

	Consolidated	
	2010	2009
	\$	\$
Loss before income tax includes the following specific items:		
<i>Other income</i>		
Research and development tax concession*	13,313	129,934
<i>Expenses</i>		
Depreciation – plant and equipment	17,201	7,041

* These amounts represent the claims in respect of expenditure incurred in the 2008 and 2009 financial years for projects which have been registered with Innovation Australia for the development of Affordable Housing Model and PSX transaction based software. The Group has elected to receive this benefit as an immediate cash payment rather than increasing tax losses for a future benefit. The Group recognises the income on lodgement of the tax return with the Australian Taxation Office.

5. Income tax

Reconciliation of income tax expense to prima facie tax payable

Loss before income tax expense	(498,678)	(1,094,358)
Tax at the Australian tax rate of 30% (2009: 30%)	(149,602)	(328,307)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impairment - loan receivable	8,476	50,295
Research and development tax concession	(3,994)	(38,980)
	(145,120)	(316,992)
Deferred tax assets not recognised	145,120	316,992
Income tax expense	-	-

Tax losses

Tax losses and temporary differences for which no deferred tax asset has been recognised	1,956,947	1,473,214
Potential tax benefit @ 30%	587,084	441,964

Franking credits

Franking credits available for subsequent financial years	102,046	102,046
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The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- (i) Franking credits that will arise from the payment of the amount of the provision for income tax
- (ii) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
- (iii) Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

6. Cash and cash equivalents

	Consolidated	
	2010	2009
	\$	\$
Cash at bank	18,513	365,004

The cash at bank, which is held mainly in at call bank accounts, bears floating interest rates of 2.95% (2009: 2.95%).

7. Trade and other receivables

Current

Trade debtors	-	78,230
Provision for impairment	-	(35,750)
	-	42,480
Other receivables	-	19,552
	-	62,032

Non-current

Loan receivable – AAHA	-	167,651
Provision for impairment	-	(167,651)
	-	-
Loan receivable – other	26,592	26,592
Provision for impairment	(26,592)	-
	-	26,592

Current trade and other receivables are generally non-interest bearing and due 30 days from date of recognition.

Loan receivable – AAHA (Australian Affordable Housing Association Inc.), a not-for-profit organisation, was advanced to assist with short-term funding. AAHA is an incorporated association controlled by a committee which includes Geoff Jamieson as President and Logan Campbell as Secretary. AAHA owned a number of properties which were intended to be developed for residential purposes under an affordable housing product mix. The loan provided to AAHA was unsecured, and was written off in the 2009 financial year.

Loan receivable – other relates to a loan provided to a former contractor. The loan is secured by way of a second registered mortgage over residential property and bears interest at 7% per annum. The loan was to be repaid by deducting a percentage of the amounts payable to the contractor during the term of the consultancy. The loan was fully provided for in the 2010 financial year.

Movement in provision for impairment of trade debtors:

Opening balance	35,750	55,000
Doubtful debts expense	-	72,042
Bad debts written off	(35,750)	(91,292)
Closing balance	-	35,750

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

8. Property, plant and equipment

	Consolidated	
	2010	2009
	\$	\$
Plant and equipment – at cost	69,191	70,864
Accumulated depreciation	(69,191)	(53,663)
	<u>-</u>	<u>17,201</u>
Movement in plant and equipment:		
Opening balance	17,201	15,079
Additions	-	9,163
Depreciation	(17,201)	(7,041)
Closing balance	<u>-</u>	<u>17,201</u>

9. Intangible assets

Software development – at cost	284,681	284,681
Provision for impairment	(284,681)	(284,681)
	<u>-</u>	<u>-</u>

Software development costs comprise rewriting the PSX transaction management software to Dot Net language. The completion of this process was expected to be January 2009 and was placed on hold during the 2009 and 2010 financial years. The work was contracted to external IT developers. At 30 June 2009, the directors considered the recoverable amount of the intangible asset which depends on future revenue being derived from property development projects utilising the company's development management system and transaction management software.

10. Trade and other payables

Trade payables and accruals	<u>115,043</u>	<u>68,681</u>
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Trade and other payables are non-interest bearing. Their fair value approximates their carrying amount.

11. Contributed equity

Share capital

52,099,000 ordinary shares fully paid (2009: 52,099,000)	3,391,740	3,391,740
Treasury shares	(10,740)	(10,740)
	<u>3,381,000</u>	<u>3,381,000</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person, or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Effective 1 July 1998, the corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the parent does not have authorised capital nor par value in respect of its issued shares.

There were no movements in ordinary share capital during the past two financial years.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Options

Unissued ordinary shares of Australian Property Systems Limited under option are as follows:

Date options granted	Expiry date	Exercise price	Number under option
9/08/2005	8/08/2010	\$0.50	25,000,000
3/01/2007	2/01/2012	\$1.00	1,000,000
10/05/2007	9/05/2012	\$2.00	1,000,000

No option holder has any right under the options to participate in any other share issue of the company or of any other entity. There was no exercise of options over ordinary shares of Australian Property Systems Limited during the year ended 30 June 2010 (2009: nil). Refer to details set out in note 21.

12. Reserves

	2010	2009
	\$	\$
Share-based payments reserve	403,723	403,723

The share-based payments reserve is used to recognise the fair value of options issued for goods and services including employee services— see note 21.

There were no movements in the reserve during the 2010 and 2009 financial years.

13. Accumulated losses

Opening balance	(3,382,575)	(2,277,146)
Net loss for the year	(498,678)	(1,105,429)
Closing balance	<u>(3,881,253)</u>	<u>(3,382,575)</u>

14. Key management personnel disclosures

(a) Key management personnel compensation

Short-term employee benefits	139,500	435,374
Termination benefits	26,700	-
	<u>166,200</u>	<u>435,374</u>

(b) Equity instrument disclosures relating to key management personnel

Option holdings

The numbers of options over ordinary shares in the company held during the financial year by each director of Australian Property Systems Limited and other key management personnel of the Group, including their personally related parties, are set out below.

	Balance at the start of year	Other changes	Balance at resignation	Balance at the end of year
2010 Directors				
G Jamieson	14,045,000	-	(14,045,000)	-
L Campbell	-	-	-	-
B Wilkie	-	-	-	-
N Gibson	-	-	-	-
Total	<u>14,045,000</u>	<u>-</u>	<u>(14,045,000)</u>	<u>-</u>
2009 Directors				
G Jamieson	14,045,000	-	-	14,045,000
L Campbell	-	-	-	-
B Wilkie	-	-	-	-
Total	<u>14,045,000</u>	<u>-</u>	<u>-</u>	<u>14,045,000</u>

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

14. Key management personnel disclosures (cont'd)

(b) Equity instrument disclosures relating to key management personnel (cont'd)

No options were exercised or granted compensation during the 2010 or 2009 financial years.

The options held by G Jamieson were vested and exercisable at the end of the financial year.

Share holdings

The numbers of ordinary shares in the company held during the financial year by each director of Australian Property Systems Limited and other key management personnel of the Group, including their personally related parties, are set out below.

	Balance at the start of year	Other Changes	Balance at resignation date (if applicable)	Balance at the end of year
2010 Directors				
G Jamieson	19,937,600	-	(19,937,600)	-
L Campbell	12,500	-	(12,500)	-
B Wilkie	2,008,550	-	-	2,008,550
N Gibson	-	-	-	-
Common Entities*	1,792,000	(403,138)	-	1,388,862
Total	23,750,650	(403,138)	(19,950,100)	3,397,412
2009 Directors				
G Jamieson	19,946,000	(8,400)	-	19,937,600
L Campbell	12,500	-	-	12,500
B Wilkie	1,988,950	19,600	-	2,008,550
Common Entities*	1,792,000	-	-	1,792,000
Total	23,739,450	11,200	-	23,750,650

* Shares held by entities which are under joint or several control or significant influence of G Jamieson and B Wilke.

There were no shares granted during the last two financial years as compensation.

(c) Loans to key management personnel

There were no loans to directors of Australian Property Systems Limited or other key management personnel of the Group during the current or previous reporting period.

(d) Other transactions with key management personnel

Licence fees

In June 2001, Australian Property Systems (No 1) Pty Ltd, an entity associated with former directors, G S Jamieson and B B Wilkie, entered into a Technology Licence Agreement with the company. Under the terms of this Agreement, Australian Property Systems (No 1) Pty Ltd has granted an exclusive licence to the company for the use of certain intellectual property for a period of 20 years. The amount paid by the company under the Technology Licence Agreement for the year ended 30 June 2010 was \$60,000 (2009: \$60,000) for licence fees and \$nil (2009: \$36,000) as a consultancy fee for managing patent renewals and registrations. No amount was payable by the Group under the agreement at balance date (2009: \$nil). Since balance date it has been agreed that the Technology Licence Agreement be terminated for consideration of \$1.00. Although licence fees of \$30,000 were paid by the Group since 30 June 2010, the agreement is yet to be formally executed.

Rent of premises

The company was a sub-tenant of Tamlin Holdings Pty Ltd, a company associated with G S Jamieson, which leased premises where the company had its registered office. The sub-tenancy arrangement was month to month, however, the company paid the lease and was reimbursed by Tamlin Holdings for its share of the premises.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

15. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity.

	Consolidated	
	2010	2009
	\$	\$
<i>Audit services</i>		
Audit and review of financial reports of the consolidated entity	25,000	29,000

No amounts were paid or payable for other services or to a related practice of the auditor. There were no other auditors of subsidiaries in the Group.

16. Commitments & Contingent Liabilities

At 30 June 2010 the Group had no operating lease or remuneration commitments. At 30 June 2009 the Group had certain remuneration commitments in respect of base fees payable to Geoffrey Jamieson and Logan Campbell who were directors of the Group at the time. The obligations were either settled or forfeited when they resigned in October and November 2009 respectively.

At 30 June 2010 the Group had contingent liabilities in respect of the Technology Licence Agreement disclosed in note 14(d) with Australian Property Systems (No 1) Pty Ltd, an entity associated with Geoffrey Jamieson and Brian Wilke, former directors of Australian Property Systems Limited. A licence fee payment of \$1.7 million was payable if the Group completed a capital raising in excess of \$5 million or if the intellectual property is patented outside of Australia. Since balance date it has been agreed that the Technology Licence Agreement be terminated and the related technology assets acquired by the Group for \$1.00, although formal documentation of the underlying agreements are yet to be finalised.

17. Related party transactions

Loans to/from other related parties

In the 2009 financial year the Group provided a loan of \$160,000 to Australian Affordable Housing Association Inc. (AAHA), a not-for-profit organisation, which is deemed to be a related party because directors of the company, Mr G Jamieson and Mr L Campbell, are also the President and Secretary of the committee which controls AAHA. During 2009 the Group recognised a provision for impairment of \$167,651 (which includes unpaid interest) against the amount owed by AAHA.

18. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Ownership Interest	
		2010	2009
		%	%
Product Services Exchange Pty Ltd	Australia	80	80

In addition to the above, the special purpose entity APSLSP Pty Ltd referred to note 21 has also been consolidated.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

19. Cash flow information

Reconciliation of loss after income tax to net cash outflows from operating activities

	Consolidated	
	2010	2009
	\$	\$
Loss for the year	(498,678)	(1,094,358)
Depreciation	17,201	7,041
Impairment – software development	-	284,681
Impairment – loan receivable	26,592	167,651
Changes in operating assets and liabilities		
(Increase)/decrease in:		
Receivables	62,032	(13,993)
Inventories	-	220,157
Other assets	-	116,178
Increase/(decrease) in:		
Payables	46,362	44,545
Net cash outflows from operating activities	<u>(346,491)</u>	<u>(268,098)</u>

Finance facilities

At 30 June 2010, the consolidated entity had no unused finance facilities (2009: \$nil).

20. Earnings per share

Basic and diluted earnings per share	<u>(0.95)</u>	<u>(2.1)</u>
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Reconciliations of earnings used in calculating earnings per share

Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	<u>(498,678)</u>	<u>(1,094,358)</u>
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Weighted average number of shares used as the denominator

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	<u>52,099,000</u>	<u>52,099,000</u>
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AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

21. Share-based payments

Employee share plan

A special purpose entity APSLSP Pty Ltd was incorporated in August 2002 to operate an Employee Share Scheme ("the Scheme"). In February 2003 the Scheme acquired 1,074,000 ordinary shares in Australian Property Systems Limited at \$0.01 per share.

Eligible employees and directors of the company are invited to apply for redeemable preference shares in APSLSP Pty Ltd in accordance with the terms and conditions of the Scheme. The redeemable preference shares are non-voting and entitle the holders to participate in dividends as declared by the board of APSLSP Pty Ltd.

APSLSP Pty Ltd operates for the purpose of providing eligible employees and directors of the company with a means to participate in profits of the company through dividend distributions. The principal activity of APSLSP Pty Ltd is to own issued share capital of the company and derive income through the receipt of dividends from the company. No dividends have been paid during the last two years.

The shares are to be issued for no consideration and entitle the holder to participate in dividends paid/ payable by APSLSP Pty Ltd (which are based on dividends paid by the parent entity). No dividends have been paid or are payable by APSLSP Pty Ltd during the current or prior year.

Options granted

Grant date	Expiry date	Exercise price	Balance at start of year Number	Granted during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
2009 and 2010						
3 Jan 2007	2 Jan 2012	\$1.00	1,000,000	-	1,000,000	1,000,000
10 May 2007	9 May 2012	\$2.00	1,000,000	-	1,000,000	1,000,000
9 Aug 2005	8 Aug 2010	\$0.50	25,000,000	-	25,000,000	25,000,000

Notes to options granted:

- (i) On 3 January 2007 the company granted 1,000,000 options over ordinary shares to GWR Financial Services Pty Ltd for services rendered in securing the placement of 1,000,000 shares at \$0.25 each. Each option granted is exercisable into one ordinary share in Australian Property Systems Limited for cash. Options granted carry no dividend or voting rights. The options vested upon grant and there were no further vesting conditions. They are exercisable at any time within 5 years of grant.
- (ii) In May 2007 1,000,000 options were granted as result of the sale of a 20% interest in a subsidiary, Product Services Exchange Pty Ltd (PSX). Each option granted is exercisable into one ordinary share in Australian Property Systems Limited for cash. Options granted carry no dividend or voting rights. The options vested upon grant and there were no further vesting conditions. They are exercisable at any time within 5 years of grant.
- (iii) On 9 August 2005, 25,000,000 options were granted to a number of former directors. The options were granted to provide an incentive to turn the company around from its then current losses and achieve a target being a sustainable price above the grant option exercise price of 50 cents. The options vested upon grant date and were exercisable at any time between grant and expiry date. They carried no dividend or voting rights and were issued free of charge. The options expired on 8 August 2010.

The weighted average remaining contractual life of share options outstanding at the end of the year was 0.22 years (2009: 1.22 years).

No options have been exercised or lapsed.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

21. Share-based payments (cond't)

Fair value of options granted

The fair value at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

No options were granted in the 2009 and 2010 financial years.

Share based payments expense

There was no share based payment expense in the 2009 and 2010 financial years.

22. Subsequent Events and Ongoing operations

During the year the consolidated entity incurred a loss after tax of \$498,678 (2009: loss of \$1,094,358).

Since balance date there has been no revenue other than a small amount of interest income and expenses have been kept to a minimum. In August 2010 APSL received \$81,603 from the Australian Taxation Office for research and development concession claims in respect of expenditure incurred in the 2009 financial year for projects registered with Innovation Australia. In July 2011 the Group received \$50,000 as a loan from an entity associated with Geoff Thomas, a director of the Company appointed on 23 December 2010. The loan is secured by a fixed charge over the intellectual property patents and a floating charge over the assets of the company and repayable in six months. Interest is payable monthly in advance at a rate of 24% per annum, to be reduced to 20% if the Group does not default on the loan. The loan is convertible to ordinary shares at the option of the lender at a price to be determined.

The current board has been in office since 23 December 2010 following the extraordinary general meeting where shareholders voted against various resolutions which included a proposed rights issue and placement to raise a maximum of \$145,669. The current directors intend to undertake a capital raising by way of an underwritten non-renounceable rights issue on the basis of 5 ordinary shares for every 2 shares held to raise \$260,000. The proceeds are to be used to fund the ongoing operations of the Group in the short term while the directors investigate the business potential of the Group's property development system and associated intellectual property. The rights issue is being fully underwritten by an entity associated with James Whitelaw and Geoff Thomas. There is no underwriting fee chargeable.

Since balance date, the Technology Licence Agreement with Australian Property Systems (No 1) Pty Ltd, an entity associated with former directors, Geoffrey Jamieson and Brian Wilkie, has been terminated and related technology assets acquired by the Group for \$1.00. Licence fees paid to Australian Property Systems (No 1) Pty Ltd were \$60,000 per annum.

Notwithstanding the losses to date, the directors believe the consolidated entity is a going concern and able to pay its debts as and when they become due and on the basis:

- the consolidated entity's liabilities are not large – being \$115,043 at 30 June 2010 and \$66,836 at 31 December 2010;
- the consolidated entity's level of expenditure has been reduced;
- cash received from the proposed underwritten rights issue will be sufficient to fund the ongoing operations in the short term; and
- the loan provided by Geoff Thomas of \$50,000 is not called upon for repayment.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

22. Subsequent Events and Ongoing operations (cont'd)

Given the above, the financial statements have been prepared on a going concern basis, which assumes that the consolidated entity will realise its assets and extinguish its liabilities in the normal course of business. Ongoing operations are dependent upon the matters described previously. Should the consolidated entity not obtain the expected receipts nor be able to generate additional revenues and/or reduce net expenditure as required, there is significant uncertainty that it will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. No adjustments have been made relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary, should the consolidated entity not continue as a going concern.

23. Parent Company Information

Information relating to Australian Property Systems Limited is as follows:

	Consolidated	
	2010	2009
	\$	\$
(a) Summary financial information		
Statement of financial position		
Current assets	4,429	414,735
Total assets	4,429	469,085
Current liabilities	67,240	66,921
Total liabilities	67,240	66,921
Issued capital	3,381,000	3,381,000
Retained earnings	(3,847,534)	(3,382,559)
Share based payments reserve	403,723	403,723
Total shareholders' equity	<u>(62,811)</u>	<u>402,164</u>
Profit or loss of the parent entity	(464,975)	(1,149,698)
Total comprehensive income of the parent entity	(464,975)	(1,149,698)
(b) Contingent liabilities of the parent entity		Refer Note 16
(c) Contractual commitments		Refer Note 16

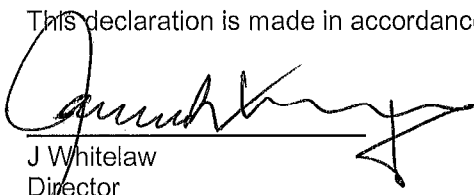
AUSTRALIAN PROPERTY SYSTEMS LIMITED AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2010

In the directors' opinion:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the financial year ended on that date;
- (b) based on the matters set out in note 22, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) as stated in Note 1, the consolidated financial statements also comply with International Financial Reporting Standards.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2010 required by section 295A of the *Corporations Act 2001*.

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


J Whitelaw
Director

Dated this 4th day of August 2011

INDEPENDENT AUDIT REPORT

TO MEMBERS OF AUSTRALIAN PROPERTY SYSTEMS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Australian Property Systems Limited, which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 controls 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 auditor's 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 of 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 entity'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 that 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.

Auditor's Opinion

In our opinion:

- (a) the financial report of Australian Property Systems Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 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; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 22 in the financial report. The matters as set out in Note 22, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report contained in Section 11 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Australian Property Systems Limited for the year ended 30 June 2010 complies with Section 300A of the Corporations Act 2001.

JOHNSTON RORKE
Chartered Accountants



R C N WALKER
Partner

Brisbane, Queensland

4 August 2011

AUSTRALIAN PROPERTY SYSTEMS LIMITED

CORPORATE GOVERNANCE STATEMENT

The board has put in place the framework and operational policies for the management of the company ensuring the effective management of internal controls and of risk.

The role of the board

The board carries out its responsibilities according to the following mandate:

- the board should comprise a minimum 3 directors;
- the chairman should, preferably, be a non-executive director;
- the directors should possess a broad range of skills, qualifications and experience;
- the board should meet on a regular basis; and
- all available information in connection with items to be discussed at a meeting of the board shall be provided to each director prior to that meeting.

The primary responsibilities of the board include:

- the approval of the annual, half-year financial reports;
- the establishment of the long term goals of the company and strategic plans to achieve those goals;
- the review and adoption of annual budgets for the financial performance of the company and monitoring the results on a quarterly basis;
- ensuring that the company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities.

Independent professional advice

With the prior approval of the managing director, each director has the right to seek independent legal and other professional advice at the company's expense concerning any aspect of the company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

Board committees

The board considers that the company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The board as a whole is able to address the governance aspects of the full scope of the company's activities and to ensure that it adheres to appropriate ethical standards.

Risk management

The board is responsible for the company's system of internal controls. The board constantly monitors the operational and financial aspects of the company's activities and considers the recommendations and advice of the auditors and other external advisers on the operational and financial risks that face the company.

The board ensures that recommendations made by the auditors and other external advisers are considered and, where thought necessary, appropriate action is taken to ensure that the company has an effective internal control environment in place to manage the key risks identified.

In addition, the board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties, as well as the employment and training of suitably qualified and experienced personnel.

AUSTRALIAN PROPERTY SYSTEMS LIMITED

CORPORATE GOVERNANCE STATEMENT

Code of conduct

As part of the board's commitment to the highest standard of conduct, APSL adopted a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- Management of conflict of interest;
- Responsibilities to shareholders;
- Compliance with laws and regulations;
- Relations with customers and suppliers;
- Ethical responsibilities and responsibilities to the environment and the community;
- Employment practices;
- Non audit services.

The board of directors is satisfied that there was no provision of non-audit services by the auditor during the year.

AUSTRALIAN PROPERTY SYSTEMS LIMITED
SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 30 June 2010.

(a) Distribution of Shareholders

Category (size of Holding)	Class of equity security	
	Ordinary Shares	Options
1-1,000	-	-
1,001 – 5,000	34	-
5,001 – 10,000	15	-
10,001 – 100,000	50	6
100,001 and over	43	5
	<u>142</u>	<u>11</u>

(b) The number of ordinary shareholdings held in less than marketable parcels is nil.

(c) The names of the substantial shareholders (including related entities) listed in the company's register are:

	Number of Ordinary Shares Held	Percentage %
G Jamieson	21,326,462*	40.97
G Thomas	10,625,000	20.41
B Wilkie	3,397,412*	6.53

* Includes 1,388,862 ordinary shares held by entities which are under joint or several control or significant influence by G Jamieson and B Wilke.

(d) 20 Largest Shareholders — Ordinary Shares

	Number of Ordinary Shares Held	% Held of issued Ordinary Capital
Tamlin Holdings Pty Ltd	13,491,600	25.92
Geoffrey Thomas	10,625,000	20.41
Tamlin Holdings Pty Ltd (Superannuation Fund Account)	2,950,000	5.67
GWR Financial Services Pty Ltd	2,548,500	4.90
Ravenslea Nominees Pty Ltd (No 1 Account)	2,364,000	4.54
Lateral Solutions (QLD) Pty Ltd (SPA Staff Superannuation Fund)	2,200,000	4.23
Helen Jane Martin & Gregory Alexander Caird (Martin Caird Super Fund)	1,360,000	2.61
Mr Terry Smith (NLN Account)	1,154,300	2.22
Ravenslea Nominees Pty Ltd (No 2 Account)	1,100,000	2.11
APSLSP Pty Ltd	1,074,000	2.06
Gow Consulting Pty Ltd (Superannuation Fund Account)	1,066,600	2.01
Nebo (Qld) Pty Ltd	935,950	1.80
ABICH Pty Ltd (GA Caird Family Account)	909,000	1.75
Arthur Gerbanas	900,000	1.73
Boda Investments Pty Ltd	710,410	1.36
Russell Barker	406,125	0.78
DBA Consultancy Pty Ltd (Culchulainn Natural Superannuation Account)	400,000	0.77
GWR Financial Services Pty Ltd (Alderley Investments Account)	400,000	0.77
APS No1 Pty Ltd	314,862	0.60
Joseph Frangiegh	312,000	0.60
	<u>45,222,347</u>	<u>86.9</u>