



**ADVANCED SHARE REGISTRY LTD**

ABN 14 127 175 946

# 2010 ANNUAL REPORT



17 September 2010

Company Announcements Manager  
Australian Securities Exchange  
4th Floor  
20 Bridge Street  
SYDNEY NSW 2000

*“Transmitted Electronically”*

Dear Sirs,

**Re: 2010 Annual Report**

Please find attached the Company's Annual Report for year ended 30 June 2010.

Yours faithfully,



**ALAN C WINDUSS**  
Company Secretary

## Board of Directors

### Directors

S K Cato	Non Executive Chairman
K P Chong	Managing Director
A Tan	Non Executive Director
A C Winduss	Non Executive Director

### Registered Office

Suite 1  
467 Scarborough Beach Road  
Osborne Park WA 6017  
Telephone: +61 8 9217 9800  
Facsimile: +61 8 9217 9899  
Email: [a.winduss@advancedshare.com.au](mailto:a.winduss@advancedshare.com.au)

### Company Secretary

A C Winduss

### Stock Exchange Listing

**ASX Code ASW**

Advanced Share Registry Limited is a company limited by shares, incorporated in Australia.

### Corporate Office

Unit 2  
150 Stirling Highway  
Nedlands WA 6009  
Telephone: +61 8 9389 8033  
Facsimile: +61 8 9389 7871  
Website: [www.advancedshare.com.au](http://www.advancedshare.com.au)  
Email: [Admin@advancedshare.com.au](mailto:Admin@advancedshare.com.au)

### Share Registry

Advanced Share Registry Services  
Unit 2  
150 Stirling Highway  
Nedlands WA 6009  
Telephone: +61 8 9389 8033  
Facsimile: +61 8 9389 7871  
Website: [www.advancedshare.co.au](http://www.advancedshare.co.au)  
Email: [Admin@advancedshare.com.au](mailto:Admin@advancedshare.com.au)

### Sydney Office

Level 14  
Lumley House  
309 Kent Street  
Sydney NSW 2000

### Auditors

Grant Thornton Audit Pty Ltd  
Level 1  
10 Kings Park Road  
West Perth WA 6005

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### Solicitors

Cullen Babington Hughes  
95 Stirling Highway  
Nedlands WA 6009

Dear Shareholder,

On behalf of the Board of Advanced Share Registry Limited (Company), I am delighted to send this Annual Report for the period from 1 July 2009 to 30 June 2010.

We are pleased to report an improving profit for the period and the declaration and payment of a franked dividend of 1.85 cents per share making 3.60 cents for the whole year.

We are gratified to be able to report a pre- tax profit of \$2,151,464 on turnover of \$4,602,068. We consider this profit and our ability to pay a continuing, meaningful and fully franked dividend to be proof of the substance of our business model. Our significant cash reserves are available to fund new development initiatives, through recent upgrades have essentially been funded by retained profits.

The Advanced Share Registry Services business has strongly rebuilt from the setbacks of the global financial crisis. We have significantly improved our services this year, including the introduction early in the financial year of our new website and, during calendar year 2010, the opening of an office in Sydney.

The steady recovery of the share price has matched our increasing profitability.

Current business is not reliant on a large number of new initial public offerings and we are now focussed on our growth into the eastern states.

We are pleased to welcome listed Australian investment group Washington H Soul Pattinson and Company Limited (ASX code: SOL) to our share register as a substantial shareholder. They have taken a placement of two million (2,000,000) shares and purchased, through an off market transaction, a further two million (2,000,000) shares from the founder and major shareholder of Advanced Share Registry Limited, Mr Kim Chong.

We are already planning a further significant upgrade and the introduction of further client services.



.....  
Simon Cato  
Chairman

The Directors present their report, together with the financial report of the Company for the year ended 30 June 2010 and the auditor's report thereon.

Directors of the Company at any time during or since the end of the financial year are:

Simon Cato	Non Executive Chairman
Kim Chong	Managing Director
Alvin Tan	Non Executive Director
Alan Winduss	Non Executive Director

Information regarding business and working experience of the Directors is set out below:

## **Simon Kenneth Cato**

### Qualifications

### Experience

- Chairman, Director

- B A

- Appointed director on 22 August 2007

Mr Cato has had 25 years capital markets experience in broking and regulatory roles and as director of listed companies. He initially was employed by the ASX in Sydney and in Perth.

Over the last 20 years, he has been a public Company director and executive director and/or responsible executive of 3 stockbroking firms. In those roles, he has been involved in many aspects of broking including management issues such as credit control and reporting to regulatory bodies in the securities industry. As a broker, he has also been involved in the underwriting of a number of initial public offer listings in a dual role of broker and director. Currently, he holds a number of executive and non executive roles with listed companies in Australia.

### Interest in Shares & Options

### Special Responsibilities

### Directorships held in other listed entities

- 495,000 ordinary shares, nil options

- Mr Cato is the non executive chairman of the Company

- Mr Cato is a director of Qed Occtech Ltd, Greenland Minerals and Energy Ltd and Queste Communications Ltd.

Mr Cato is chairman of Convergent Minerals Limited (since 25 July 2006). Former directorships in other listed entities in past 3 years are: Bentley Capital Ltd (until 29 April 2010), Sofcom Ltd (until 19 March 2008), Scarborough Equities Ltd (merged with Bentley on 13 March 2009 and delisted).

## **Kim Phin Chong**

### Qualifications

### Experience

- Managing Director

- Appointed director on 22 August 2007

Mr Chong has been actively involved in the share registry business for over 29 years. From 1981 until 1996, he was employed with major firms in registry operations as a systems analyst, client manager and share registry division manager.





## Interest in Shares & Options Special Responsibilities

## Directorships held in other listed entities

## **Alvin Tan** Qualifications Experience

Mr Chong commenced operations at Advanced Share Registry Services in 1996 with six clients, and with his experience in information technology and management skills, he has guided the business to the success it is today.

- 23,809,500 ordinary shares, nil options
- Mr Chong is the managing director of the Company, responsible for the day to day management of the business.

- nil

- Non Executive Director
- B Com (Hons)
- Mr Tan has over 16 years experience in Australia and Asia, including mergers, acquisition, listings (ASX, AIM, KLSE, Germany) and capital raisings.

Mr Tan studied at the University of Western Australia, gaining a Bachelor of Commerce with Honours, and then was employed by KPMG in Kuala Lumpur from 1993-1995 as a financial consultant. Returning to Australia, he worked with the stockbroking firm of DJ Carmichael. He was a founding director of various listed companies. Mr Tan has been a Company director for various public listed companies for the last 16 years and currently is also a director of BKM Management Ltd (ASX: BKM), Orchid Capital Ltd (ASX: ORC). He has interests in companies in exploration, property development, plantation, corporate services and investment holdings.

470,500 ordinary shares, nil options.

- Mr Tan is a director of Orchid Capital Limited and BKM Management Ltd.

## Interest in Shares & Options Directorships held in other listed entities

## **Alan Charles Winduss** Qualifications Experience

- Non Executive Director and Company Secretary
- CPA, FTIA, FAICD, AFAIM
- Appointed director 22 August 2007

Mr Winduss is a director of Winduss & Associates Pty Ltd. He has been involved in professional accounting in public practice for over 25 years, specialising in matters relating to corporate management, restructuring, corporate finance and Company secretarial matters, including ASX and ASIC compliance.

In addition to his accounting background, he is an Associate Fellow of the Australian Institute of Management, a Fellow of the Australian Institute of Company Directors and is a registered Australian Company auditor.

## Interest in Shares & Options Special Responsibilities

- 200,000 ordinary shares, nil options
- Mr Winduss is the Secretary and Chief Financial Officer of the Company.

**Directorships held in other listed entities**

- Mr Winduss is a director of United Overseas Australia Ltd, UOA REIT BHD (Bursa, Malaysia), Magna Mining Ltd and was a director of Alloy Steel International Inc (until June 2010). Mr Winduss is chairman of Quest Minerals Limited (since August 2008).

**The Year under Review**

The financial year ended 30 June 2010 has seen a marked increase in the Company's gross sales and profit earnings.

This has been attained because of increased trading activity on the Australian Securities Exchange as a result of the improvement in the Australian economic conditions.

The Company has also benefitted from the migration of new clients to Advanced Share Registry Limited in order that they may avail themselves of the Company's updated and cost effective services.

During the period, the Directors and Management have been very conscious of the need for prudent cost control and this is also reflected in the profit result.

In April this year the Company established a representative office in Sydney to both service existing clients on the East Coast and promote the Company's services to companies whose offices and operations are in Sydney, Melbourne and Brisbane.

Advanced Share Registry Limited has been fortunate in being able to obtain the services of an experienced "Registry" person to head up this office.

As part of its future growth planning, the Directors are constantly looking for opportunities which may have synergies with the Company's present operations and hence increase profitability and shareholder value.

The Directors are confident of continuing growth for the Company.

**Directors' Meetings**

<u>Director</u>	<u>Board Meetings Held</u>	<u>Board Meetings Attended</u>
S. Cato	8	8
K. Chong	8	8
A. Tan	8	8
A. Winduss	8	7

**Corporate Governance Statement**

Unless disclosed below, all current recommendations of the ASX Corporate Governance Council ("Council") have been applied for the entire financial year ended 30 June 2010.

## The Board of Directors

The Board's primary role is to guide and monitor the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

To fulfil this role, the Board is responsible for the overall corporate governance of the Company including formulating its strategic direction, approving and monitoring financial reports and capital expenditure, setting remuneration, appointing, removing and creating succession policies for Directors and Senior Executives, establishing and monitoring the achievement of the management's goals and ensuring the integrity of the internal control and management information systems.

The Board has delegated responsibilities for the day to day operational, corporate, financial and administrative activities of the Company to the Managing Director and Finance Director.

## Composition of the Board

The skills, experience and expertise relevant to the position of each Director who is in office at the date of this report and their term of office is detailed in the Directors' Report.

The composition of the Company's Board is determined by the following principles:

- Directors appointed by the Board are subject to election by shareholders at the following Annual General Meeting and thereafter are subject to re-election in accordance with the Company's constitution;
- a non-executive independent Director as Chairperson
- the Board shall comprise at least three Directors, increasing where additional expertise is considered desirable in certain areas, or when an outstanding candidate is identified; and
- the Board should comprise Directors with an appropriate range of qualifications and expertise.

The Board will review its composition on an annual basis to ensure it has the appropriate mix of expertise and experience. Where a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select the appropriate candidates with the relevant qualifications, skills and experience.

The names of the independent Directors of the Company are Mr Simon Cato and Mr Alvin Tan.

When determining whether a non-executive Director is independent, the Director must not fail any of the following materiality thresholds:

- less than 10% of the Company shares held by the Director and any entity or individual directly or indirectly associated with the Director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the Director; and



- none of the Directors' income, or the income of an individual or entity directly or indirectly associated with the Director, is derived from a contract with any member of the Economic Entity other than the income derived as a Director of the entity.

Independent Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at the Company's expense. Written approval must be obtained from the Chairperson prior to incurring any expenses on behalf of the Company.

Contrary to the Council's recommendation that the majority of the Board should be independent Directors, the Board believes that the current size and stature of the Company does not warrant the addition of any new independent Directors to the Board. The Board is of the opinion that the objectives and current strategy of the Company are best served and achievable by members of the current Board irrespective of their degree of independence. It is, however, the Board's intention to continually review and assess the benefits associated with the introduction of external independent non-executive Directors.

### **Nomination Committee**

The Board believes that the Company is not of size, nor are its financial affairs of such complexity, to justify the establishment of a Nomination Committee of the Board of Directors as recommended by the Council.

Notwithstanding its reasons for not establishing a Nomination Committee, the Board resolved that it would be beneficial to adopt and implement a formal Charter that clearly sets out the Nominations Committees role and responsibilities, composition, structure and membership requirements.

All matters which might be properly dealt with by a Nomination Committee are considered at full Board of Directors meetings.

The Board will meet annually to review the necessity to establish a Nomination Committee.

### **Remuneration Committee**

The Board believes that the Company is not of size, nor are its financial affairs of such complexity, to justify the establishment of a Remuneration Committee of the Board of Directors as recommended by the Council.

Notwithstanding its reasons for not establishing a Remuneration Committee, the Board resolved that it would be beneficial to adopt and implement a formal Charter that clearly sets out the Remuneration Committee's role and responsibilities, composition, structure and membership requirements.

All reviews of remuneration packages and policies applicable to Executive Directors, Non-Executive Directors and Senior Executive are normally conducted on an annual basis by the Remuneration Committee.

The total maximum remuneration of Non-Executive Directors was the subject of a Shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be

made by the Board, having regard to inputs and value to the Company of the responsible contributions by each Non-Executive Director. The current limit, which may only be varied by Shareholders in general meeting, is an aggregate amount of \$250,000 per annum.

The Board may award additional remuneration to Non-Executive Directors called upon to perform extra services or who make special exertions on behalf of the Company.

The Board will meet annually to review the necessity to establish a Remuneration Committee.

### **Performance Evaluation**

No formal performance evaluation of the Board was conducted for the year ended 30 June 2010 as the Board believes that the Company is not of size, nor are its financial affairs of such complexity, to warrant such an exercise.

The Board recognises the importance of performance evaluations and will continually assess the necessity and timing of future performance evaluation, including considering the appointment of an independent consultant to develop a questionnaire to be collated and developed into a series of recommendations to improve performance.

### **Audit Committee**

The Board believes that the Company is not of a size, nor are its financial affairs of such complexity, to justify the establishment of an Audit Committee of the Board of Directors as recommended by the Council.

Notwithstanding its reasons for not establishing an Audit Committee, the Board resolved that it would be beneficial to adopt and implement a formal Charter that clearly sets out the Audit Committee's roles and responsibilities, composition, structure and membership requirements.

The Board will meet annually to review the necessity to establish an Audit Committee.

All issues and matters normally dealt with by an Audit Committee are assigned to the Company Secretary (operating within the parameters of an Audit Committee Charter), reporting directly to the Board.

### **Share Trading Policy**

Whilst the Board encourages its Directors and employees to own securities in the Company, it is also mindful of its responsibility that the Company complies with the Corporations Act 2001 pertaining to 'insider trading' and its 'proper duties in relation to the use of insider trading'.

To ensure that the above issues comply with the requirements of the Corporations Law, the Board has established a policy on share trading in the Company's securities by Directors and employees. Essentially, the policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the securities prices. Active trading in Advanced Share Registry Limited shares with a view to derive profit related income is prohibited at all times.

## Other Information

Further information relating to the Company's Corporate Governance practices and policies has been made publicly available on the Company's website [www.advancedshare.com.au](http://www.advancedshare.com.au)

## Ethical Standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

## Term in Office

Term in office for each Director at the date of this report is:

S. Cato	3 years
K. Chong	3 years
A. Tan	3 years
A. Winduss	3 years

## Information Distributed to Shareholders

The annual report is distributed to all shareholders. The Board ensures that the annual report contains relevant information about the operations of the Company in the period under review, changes in the state of affairs of the Company and other disclosures required by the Corporations Act 2001 and Australian Stock Exchange Listing Requirements.

The half yearly report is distributed to shareholders on request.

## Interests in the Shares of the Company

As at the date of this report, the interests of the directors in the shares of Advanced Share Registry Limited were:

	Ordinary Shares	
	Direct	Indirect
S. Cato	350,000	145,000
K. Chong	-	23,809,500
A. Tan	-	470,500
A. Winduss	200,000	-

## Earnings per Share

Basic Earnings per Share	3.61 cents
Diluted Earnings per Share	3.61 cents

<b>Dividends Paid or Recommended</b>	<b>Cents</b>	<b>Total</b>
Final dividend paid – 8 October 2009	1c	\$404,000
Interim dividend paid – 8 March 2010	1.75c	\$707,000
Proposed final dividend –20 August 2010	1.85c	\$784,400

## **Nature of Operations and Principal Activities**

The principal activity of the Company during the period under review is a provider of Share Registry and associated services.

## **Employees**

The Company employed 16 persons as at 30 June 2010.

## **Summarised Operating Results**

The Board has identified that the Company operates in only one industry segment, being registry services. However, to provide additional information, our revenue has been classified as being derived from:

	<b>Revenue</b>
<b>Industry Segment</b>	
Registry Services	\$4,450,778
Investment Income	\$ 151,290

## **Shareholder Returns**

The Board of Directors have approved a 1.85c fully franked dividend which was paid on 20 August 2010.

	<b>2010</b>	<b>2009</b>
Basic earnings per Share	3.61c	2.08c
NTA per share	10.52c	9.20c
Return on Equity	21.89%	13.26%
Return on Assets	20.54%	11.82%

## **Capital Structure**

On 8 July 2010, a placement of 2,000,000 shares was made increasing the issued capital of the Company to 42,400,000 ordinary shares.

**Cash Flow from Operations**

Cash flow from operations has been positive during the period and this is not expected to change in future periods. Cash surplus will be used for investment and expansion of the business.

**Risk Management**

The Directors of the Company are actively committed to risk management criteria as outlined in the Company's Corporate Governance Statement.

**Likely Developments and Results**

The Directors believe that likely developments in the operations of the Company and expected results from operations have been adequately disclosed in this report.

**Environmental Regulations**

The Company's operations are not subject to significant environment regulations under Australian Legislation in relation to the conduct of this operation.

**Significant Events after Balance Date**

There following matters or circumstances have arisen since balance date in relation to the Company:

The Company has made a placement of 2,000,000 ordinary shares at 50c. These funds will be used for the Company's future growth.

The Company proposed a fully franked dividend of 1.85 cents per share which was paid on 20 August 2010.

Except for the matters described above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

**Insurance of Officers**

There have been no premiums paid or indemnification given to any person who is a director or officer of the Company.



## REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration of each key management person of Advanced Share Registry Ltd, and for the executives receiving the highest remuneration.

### Remuneration Policy

The remuneration policy of the Company has been designed to align key management personnel objectives with shareholder and business objectives. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The Company's current remuneration policy does not provide for the payment of any performance based remuneration to Directors, Executives or other key management personnel. The remuneration policy also does not provide for any shares or options to be granted to personnel in respect of their remuneration packages.

### Key Management Personnel Remuneration

The Board of Directors are responsible for determining and reviewing compensation arrangements for the Directors, Chief Executive Officer and the Executive team. The Directors assess the appropriateness of the nature and amount of the emoluments on a periodical basis by reference to employment market conditions and performance with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality board and executive team.

### Remuneration Report

Key Management Personnel	Position held as at 30 June 2010 and any change during the year	Contract details (duration and termination)
Mr Kim Phin Chong	Chief Executive Officer	3 year contract from 21 February 2008. 3 months notice required to terminate.
Mr Simon Cato	Chairman (Non-executive)	No fixed term.
Mr Alan Winduss	Director (Non-executive)	No fixed term.
Mr Alvin Tan	Director (Non-executive)	No fixed term.

## Table of Benefits and Payments for the Year Ended 30 June 2010

Key Management Personnel		Short – term benefits		Post-employment benefit	Long – term benefits	Total
		Salary and fees	Profit share and Bonuses	Super-annuation	Long service Leave	
Mr Kim Phin Chong	2010	\$260,539	-	\$14,461	\$1,712	\$276,712
	2009	\$249,797	-	\$13,745	\$214	\$263,756
Mr Simon Cato	2010	\$38,000	-	\$12,000	-	\$50,000
	2009	\$42,647	-	\$4,853	-	\$47,500
Mr Alan Winduss	2010	\$30,000	-	-	-	\$30,000
	2009	\$28,500	-	-	-	\$28,500
Mr Alvin Tan	2010	\$30,000	-	-	-	\$30,000
	2009	\$28,500	-	-	-	\$28,500
Mr Michael Vaughan	2010	-	-	-	-	-
	2009	\$98,353	-	-	-	\$98,353
Total	2010	\$358,539	-	\$26,461	\$1,712	\$386,712
	2009	\$447,797	-	\$18,598	\$214	\$466,609

No performance based remuneration has been, or will be, paid in relation to the year ended 30 June 2010 (2009: Nil).

No securities, including options to acquire shares, have been or will be issued in relation to any remuneration package of personnel for the year ended 30 June 2010 (2009: Nil).

### Proceedings on Behalf of Company

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

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

### Non Audit Services

Non-Audit services provided by the entity's Auditor can be found at Note 5. The Directors are satisfied that the provision of non-audit services is compatible with the standard of independence for auditors imposed by the Corporations Act. The nature and scope of each non-audit service provided means that auditor independence was not compromised.

**Auditor's Independence Declaration**

The auditor's independence declaration for period ending 30 June 2010 has been given and can be found on page 14 of this report.

Signed in accordance with a resolution of the Board of Directors



.....  
Simon Cato  
Chairman of Directors

Signed at Perth on the 17<sup>th</sup> of September 2010.



Grant Thornton Audit Pty Ltd  
ABN 94 269 609 023

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**Auditor's Independence Declaration  
To the Directors of Advanced Share Registry Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Advanced Share Registry Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M J Hillgrove  
Director – Audit & Assurance

Perth, 17 September 2010

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010	2009
Sales Revenue	2	4,438,295	3,453,590
Other income	2	163,773	197,815
Occupancy expenses	3	(181,246)	(135,124)
Administrative expenses	3	(1,262,807)	(1,250,871)
Other operating expenses	3	(742,138)	(761,877)
Depreciation and amortisation expenses	3	(264,413)	(248,542)
Profit before income tax		2,151,464	1,254,991
Income tax expense	4	(689,438)	(415,885)
Profit attributable to members		1,462,026	839,106
Other comprehensive income		-	-
Total comprehensive income for the year		1,462,026	839,106
Basic earnings per share	22	3.61c	2.08c
Diluted earnings per share	22	3.61c	2.08c

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



## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Notes	2010	2009
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	3,714,152	3,336,885
Trade and other receivables	7	651,270	761,184
Other current assets	8	6,892	3,236
Other financial assets	9	741	-
<b>Total Current Assets</b>		4,373,055	4,101,305
<b>Non-current Assets</b>			
Property, plant and equipment	10	267,834	334,783
Intangible assets	11	2,425,000	2,615,000
Deferred tax asset	12	48,652	45,813
<b>Total Non-current Assets</b>		2,741,486	2,995,596
<b>TOTAL ASSETS</b>		7,114,541	7,096,901
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	199,626	370,756
Current tax liabilities	12	134,304	339,346
Provisions	14	85,504	51,599
<b>Total Current liabilities</b>		419,434	761,701
<b>Non-current liabilities</b>			
Provisions	14	10,836	4,567
Deferred tax liabilities	12	5,306	2,694
<b>Total Non-current liabilities</b>		16,142	7,261
<b>TOTAL LIABILITIES</b>		435,576	768,962
<b>NET ASSETS</b>		6,678,965	6,327,939
<b>EQUITY</b>			
Issued Capital	15	5,840,044	5,840,044
Retained earnings		838,921	487,895
<b>TOTAL EQUITY</b>		6,678,965	6,327,939

The above statement of financial position should be read in conjunction with the accompanying notes

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	Issued Capital	Retained Earnings	Total Equity
<b>Balance at 1 July 2008</b>	5,862,014	658,789	6,520,803
Total Comprehensive Income for the period	-	839,106	839,106
Issue expenses during period	(21,970)	-	(21,970)
<b>Subtotal</b>	5,840,044	1,497,895	7,337,939
Dividends paid or provided for	-	(1,010,000)	(1,010,000)
<b>Balance as at 30 June 2009</b>	5,840,044	487,895	6,327,939
<b>Balance at 1 July 2009</b>	5,840,044	487,895	6,327,939
Total Comprehensive Income for the period	-	1,462,026	1,462,026
Issue expenses during period	-	-	-
<b>Subtotal</b>	5,840,044	1,949,921	7,789,965
Dividends paid or provided for	-	(1,111,000)	(1,111,000)
<b>Balance as at 30 June 2010</b>	5,840,044	838,921	6,678,965

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

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		5,002,365	3,694,641
Payments to suppliers and employees		(2,768,036)	(2,258,941)
Interest received		142,572	189,431
Income Tax Paid		(894,703)	(428,706)
<b>Net cash provided by operating activities</b>	16	1,482,198	1,196,425
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(8,205)	(122,962)
<b>Net cash used in investing activities</b>		(8,205)	(122,962)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		10,044	356,419
Dividends paid		(1,106,770)	(1,010,000)
<b>Net cash used in financing activities</b>		(1,096,726)	(653,581)
<b>Net increase in cash held</b>		377,267	419,882
<b>Cash and cash equivalents at the beginning of financial year</b>		3,336,885	2,917,003
<b>Cash and cash equivalents at the end of financial year</b>	6	3,714,152	3,336,885

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### Note 1: Summary of Significant Accounting Policies

This financial report includes the financial statements and notes of Advanced Share Registry Limited.

#### Basis of Preparation

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

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

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

#### a. Comparative Information

The comparative information shown in statement of comprehensive income, statement of financial position, statement of cash flows and notes to the financial statements are for the period ended 30 June 2009.

#### b. Income Tax

The income tax expense for the year comprises current income tax expense and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting period. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movement in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### c. Plant and Equipment

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

Plant and Equipment are measured on the cost basis.

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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land and leasehold improvements, is depreciated on a diminishing value basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated on a straight line basis over the estimated useful lives of the improvements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Leasehold improvements	4-5%
Plant and Equipment	5-66%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

### **d. Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, is transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

### **e. Financial Instruments**

#### **Initial recognition and Measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified as “at fair value through profit or loss”. Transaction costs related to instruments classified as “at fair value through profit or loss” are expensed to profit or loss immediately.

### Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair* value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised* cost is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective* interest method; and
- d. less any reduction for impairment.

The *effective* interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

#### (i) *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

#### (ii) *Loans and receivables*

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### (iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

### (iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

### (v) *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

## **Fair values**

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

## **Impairment**

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

## **Financial guarantees**

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

## **De-recognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets of liabilities assumed, is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### **f. Impairment of Non- Financial Assets**

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

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

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

### **g. Intangibles**

#### **Goodwill**

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at the date of acquisition. After considering the ongoing business operations and anticipated business growth of the Company, it has been determined that the goodwill acquired and currently recorded has an indefinite life.

Goodwill, having been assessed with an indefinite life, is tested for impairment annually and is allocated to the Company's cash generating units which represent the lowest level at which goodwill is monitored, but where such level is not larger than an operating segment. The Company has determined that goodwill has not been impaired during the current year.

#### **Client List**

The client list was acquired at independent valuation as part of the acquisition of the share registry business. The valuation was based upon the expected future earnings of the client contracts already in existence at the time of the transfer of the business. The effective life of the client list has been determined to be 10 years, and will be amortised over that period. The remaining effective life is 7.5 years. Annual testing for impairment will also be carried out to determine whether the carrying value reflects the value remaining in the client list. Where it is determined that the carrying value has been impaired, an impairment adjustment will be made. The client list is therefore carried at cost less accumulated amortisation and accumulated impairment losses.

### **h. Employee Benefits**

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

### i. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

### j. Cash and Cash Equivalents

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

### k. Revenue and Other Income

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

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

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

### l. Goods and Services Tax (GST)

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### m. Earnings per Share

Basic earnings per share is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends)
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

### n. Critical Accounting Estimates and Judgments

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

#### *Key Estimates – Impairment of Goodwill and Intangibles with Indefinite Useful Lives*

The Company determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units, using a value in use discounted cash flow methodology, to which the goodwill and intangibles with indefinite useful lives are allocated. No impairment has been recognised in respect of goodwill for the year ended 30 June 2010.

#### *Key Estimates – Impairment of Non-Financial Assets other than Goodwill*

The Company assesses impairment of all assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. Management do not consider that the triggers for impairment testing have been significant enough and as such, these assets have not been tested for impairment in this financial period.

#### *Key judgments – Provision for Impairment of Receivables*

Included in trade receivables at reporting date are minor amounts receivable from sales to clients amounting to \$2698. These clients have had their trade terms extended past the company's usual

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

trade terms in order to assist in the clients cash flow. The Directors understand that the full amount of the debt is likely to be recoverable; however a provision for impairment has been made.

### **Adoption of New and Revised Accounting Standards**

During the current year the Company adopted all the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

### **AASB 8: Operating Segments**

In February 2007 the Australian accounting standards board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Company's financial statements.

#### *Measurement impact*

Identification and measurement of segments – AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the management approach to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8 , operating segments are determined based on management reports using the management approach ,whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian accounting standards this has resulted in changes to the presentation of segments results , with inter- segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total group operations as it is how they are reviewed by the chief operating decision maker.

#### *Impairment testing of the segments goodwill*

AASB136: impairment of assets, paragraph 80 requires that goodwill in a business acquired in a business combination shall be allocated to each of the acquirers CGUs or group of CGUs that are expected to benefit from the synergies of the combination. Each cash generating unit (CGU) which the goodwill is allocated to must represent the lowest level within the entity at which goodwill is monitored, however it cannot be larger than an operating segment. Therefore, due to the changes in the identification of segments, there is a risk that goodwill previously allocated to a CGU which was a part of a larger segment could now be allocated across multiple segments if a segment had to be split as a result of changes to AASB 8.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Management have considered the requirements of AASB 136 and determined the implementation of AASB 8 has not impacted the CGUs of each operating segment.

### *Disclosure impact*

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

### **AASB 101: Presentation of Financial Statements**

In September 2007 the Australian accounting standards board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Company's financial statements.

### *Disclosure impact*

**Terminology changes** – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

**Reporting changes in equity** – The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity; with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

**Statement of comprehensive income** – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Company's financial statements now contain a statement of comprehensive income.

**Other comprehensive income** – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian accounting standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

### **New Accounting Standards for Application in Future Periods**

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

adoption of these standards. A discussion of those future requirements and their impact on the Company follows:

- AASB 9 Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9.

These changes have superseded pronouncement AASB 139 Financial Instruments: Recognition and Measurement (part).

AASB 9 introduces new requirements for the classification and measurement of financial assets. AASB 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in AASB 139 and removes the impairment requirement for financial assets held at fair value. AASB 9 amends the classification and measurement of financial assets; as the entity has minimal financial assets held at fair value the effect on the financial report is unlikely to be significant.

These changes are applicable for annual reporting periods commencing on or after 31 December 2013.

- AASB 124 Related Party Disclosures AASB 2009-12: Amendments to Australian Accounting Standards arising from AASB 124.

These changes have superseded pronouncement AASB 124 Related party Disclosures.

This revision amends the disclosure requirements for government related entities and the definition of a related party. Since the entity is not a government related entity; there is not expected to be any changes arising from this standard.

These changes are applicable for annual reporting periods commencing on or after 31 December 2011.

- AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139].

The amendments to some standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following :

The amendment to AASB 117 removes the specific guidance on classifying land and lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The amended AASB 101 stipulates that the terms of a liability that could result; at any time in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity:

- has primary responsibility for providing the goods or service;
- has inventory risk;
- has discretion in establishing prices;
- bears the credit risk.

The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. The main change to AASB 139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.

Given the number of standards amended by AASB 2009-5, the entity is assessing the impact on the financial report however any impact is unlikely to be significant

These changes are applicable for annual reporting periods commencing on or after 31 December 2010.

- AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]

These changes have superseded pronouncement Interpretation 8 and Interpretation 11.

This Standard makes amendments to Australian Accounting Standard AASB 2 *Share-based Payment* and supersedes Interpretation 8 *Scope of AASB 2* and Interpretation 11 *AASB 2 – Group and Treasury Share Transactions*.

The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction.

The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement 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. As the entity does not undertake significant group



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

cash-settled share-based transactions the new standard is unlikely to have a significant impact on the financial report.

These changes are applicable for annual reporting periods commencing on or after 31 December 2010.

- AASB 2009-9 Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters.

These changes have superseded pronouncement AASB 1 First Time adoption of Australian Equivalents to International Financial Reporting Standards (June 2007).

AASB 2009-9 makes amendments to ensure that entities applying Australian Accounting Standards for the first time will not face undue cost or effort in the transition process in particular situations. As this is not the first year of adoption of IFRSs, these amendments will not have any impact on the entity's financial report.

These changes are applicable for annual reporting periods commencing on or after 31 December 2010.

- AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues

These changes have superseded pronouncement AASB 132 Financial Instruments: Presentation.

AASB 2009-10 makes amendments which clarify 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 non-derivative equity instruments. As the entity does not have any rights, options or warrants to acquire their own equity instruments, these amendments will not have any impact on the entity's financial report.

These changes are applicable for annual reporting periods commencing on or after 31 January 2011.

- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].

The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes:

- two categories for financial assets being amortised cost or fair value
- removal of the requirement to separate embedded derivatives in financial assets
- strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows.

- an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on de recognition.
- reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes.
- changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income.

Given the number of amendments made by the new standard, the impact of this new standard is being determined. The standard is not likely to have a significant impact on the financial report other than disclosure requirements.

These changes are applicable for annual reporting periods commencing on or after 31 December 2013.

- AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]

This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 *Operating Segments* to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The standard is not likely to have a significant impact on the financial report other than disclosure requirements.

These changes are applicable for annual reporting periods commencing on or after 31 December 2011.

- AASB 2009-13 : Amendments to AASB 1 arising from Interpretation 19

These changes have superseded pronouncement Interpretation 19.

This standard amends AASB 1 to allow a first-time adopter to use the transitional provisions in Interpretation 19. As the entity is not a first-time adopter of IFRS, this standard will not have any impact.

These changes are applicable for annual reporting periods commencing on or after 30 June 2011.

- AASB 2010-01 : Limited exemption from comparative AASB 7 disclosures for first time adopters (Amendments to AASB 1 and AASB 7)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

These amendments principally give effect to extending the transition provisions of AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments to first-time adopters of Australian Accounting Standards. As the entity is not a first-time adopter of IFRS, this standard will not have any impact.

These changes are applicable for annual reporting periods commencing on or after 30 June 2011.

- AASB 2010-02 Amendments to Australian Accounting Standards arising from reduced disclosure requirements.

This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements. The standard is not likely to have a significant impact on the financial report other than disclosure requirements.

These changes are applicable for annual reporting periods commencing on or after 30 June 2014.

- AASB 2010-03 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]

Limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value. Requires an entity (in a business combination) to account for the replacement of the acquiree' share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses. Clarifies that the contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated. Eliminates the requirement to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments. The standard is not likely to have a significant impact on the financial report other than disclosure requirements.

These changes are applicable for annual reporting periods commencing on or after 30 June 2011.

- AASB 2010-04 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]

Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account. The standard is not likely to have a significant impact on the financial report other than disclosure requirements.

These changes are applicable for annual reporting periods commencing on or after 31 December 2011.

- **AASB 1053 Application of Tiers of Accounting Standards**

This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

- (a) Tier 1: Australian Accounting Standards; and
- (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements:

- (a) for-profit entities in the private sector that have public accountability (as defined in this Standard); and
- (b) the Australian Government and State, Territory and Local Governments.

The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:

- (a) for-profit private sector entities that do not have public accountability;
- (b) all not-for-profit private sector entities; and
- (c) public sector entities other than the Australian Government and State, Territory and Local Governments.

The standard is not likely to have a significant impact on the financial report, as the Company would be considered to be a Tier 1 entity.

These changes are applicable for annual reporting periods commencing on or after 30 June 2014.

- **Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments.**

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 to extinguish all or part of the financial liability. These transactions are sometimes referred to as ‘debt for equity swaps’. As the entity has not renegotiated any financial liabilities

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

into equity instruments this interpretation is not expected to have any impact on the entity's financial report.

These changes are applicable for annual reporting periods commencing on or after 30 June 2011.

- AASB 2009-14 Prepayments of a Minimum Funding Requirement (Amendments to Interpretation 14)

This amendment to Interpretation 14 addresses the unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined benefit pension plan. As the entity does not have a defined benefit pension plan this amendment to Interpretation 14 is not expected to have any impact on the entity's financial report.

These changes are applicable for annual reporting periods commencing on or after 31 December 2011.

	2010	2009
<b>Note 2: Revenue</b>		
<b>Revenue</b>		
Registry fees	3,572,438	2,670,655
Client disbursements recovered	865,857	782,935
Total Revenue	4,438,295	3,453,590
<b>Other income</b>		
Interest received	151,277	194,001
Other income	12,483	3,814
Dividends received	13	-
	163,773	197,815
<b>Note 3: Profit from ordinary activities</b>		
<b>Expenses</b>		
Depreciation of non-current assets	74,413	58,542
Amortisation of non-current assets, client list	190,000	190,000
Professional fees	24,186	32,600
Occupancy expenses	181,246	135,124
Directors' fees	98,000	99,647
Salaries and wages	910,039	889,296
Postage, printing and stationery	675,235	651,478
Other expenses	297,485	339,727
	2,450,604	2,396,414

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010	2009
<b>Note 4: Income tax</b>			
a. The components of tax expense comprise:			
Current tax		691,627	455,308
Deferred tax	12	(228)	(39,423)
Over provision of income tax		(1,961)	-
		<u>689,438</u>	<u>415,885</u>
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 30%		645,439	376,497
Add:			
Tax effect of:			
Non deductible amortisation		57,000	57,000
Other non-allowable items		568	-
		<u>703,007</u>	<u>433,497</u>
Less:			
Tax effect of:			
Deductible amount for share issue		(11,603)	(9,643)
Deductible amount for general business tax break		-	(7,969)
Over provision of income tax		(1,961)	-
Rebateable fully franked dividends		(5)	-
Income tax attributable to the entity		<u>689,438</u>	<u>415,885</u>
The applicable weighted average effective tax rate is:		32.04%	33.13%

## Note 5: Auditor's Remuneration

Remuneration of the auditor of the Company for:

- audit of the financial report	24,186	29,600
- audit of Share Registry Function for ASX requirements.	-	3,000
	<u>24,186</u>	<u>32,600</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010	2009
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### Note 6 : Cash and cash equivalents

#### Current

Cash at Bank and on hand	650,152	1,272,885
Cash on deposit	3,064,000	2,064,000
	3,714,152	3,336,885

The effective interest rate on short-term bank deposits was 5.70%; this deposit has a maturity of 90 days

Under an arrangement with one of the Company's major suppliers, the Company has arranged with their bank for a guarantee facility to be held over a cash deposit in the amount of \$64,000. Under the terms of the arrangement, the supplier may call on the bank to honour the guarantee where the Company defaults on payment of the suppliers' account and the bank may not release the funds supporting the guarantee to the Company without the prior approval of the supplier. The deposit is placed on a separate deposit account and the guarantee is renewed in each year.

### Note 7: Trade and other receivables

#### Current

Trade receivables	635,908	751,923
Provision for impairment	(2,698)	(10,138)
	633,210	741,785
Other receivables	17,686	8,981
Amounts receivable from related parties	374	10,418
	651,270	761,184

#### a. Provision For Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### Note 7: Trade and other receivables (cont'd)

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

	<b>Current trade receivables</b>	<b>Totals</b>
<b>Opening Balance at 1 July 2008</b>	-	-
Charge for the year	10,138	10,138
Amounts written off	-	-
<b>Closing Balance as at 30 June 2009</b>	<u>10,138</u>	<u>10,138</u>
<b>Opening Balance as at 1 July 2009</b>	10,138	10,138
Charge for the year	(7,440)	(7,440)
Amounts written off	-	-
<b>Closing Balance as at 30 June 2010</b>	<u><u>2,698</u></u>	<u><u>2,698</u></u>

<b>b. Key Management Personnel Loans</b>	<b>2010</b>	<b>2009</b>
Balance at beginning of year	10,418	372,770
Balance at end of year	374	10,418
Balance on which interest charged	-	-
Balance on which interest not charged	374	10,418
Provision for impairment	-	-
Number of individuals	1	1

The above receivable from related parties represents an unsecured amount owed due to a minor expense being paid in error. The receivable bears no interest. The receivable amount has been repaid subsequent to the balance date.

There are no balances within trade and other receivables that contain assets that are not impaired and are past due. It is expected these balances will be received when due. Impaired assets are provided for in full.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### Credit Risk – Trade and Other Receivables

The Company has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within Note 7. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Company. On a geographical basis the Company has no credit risk exposure.

The following table details the Company's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31- 60	61 – 90	> 90	
<b>2010</b>							
Trade and term receivables	601,927	2,698	-	52,130	12,066	31,207	503,826
Other receivables	51,667	-	-	-	-	-	51,667
Amounts receivable from related parties	374	-	-	-	-	-	374
<b>Total</b>	<b>653,968</b>	<b>2,698</b>	<b>-</b>	<b>52,130</b>	<b>12,066</b>	<b>31,207</b>	<b>555,867</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31- 60	61 – 90	> 90	
2009							
Trade and term receivables	720,542	10,138	-	31,446	14,000	21,731	643,227
Other receivables	40,362	-	-	-	-	-	40,362
Amounts receivable from related parties	10,418	-	-	-	-	-	10,418
Total	771,322	10,138	-	31,446	14,000	21,731	694,007

	Notes	2010	2009
<b>Note 8: Other assets</b>			
<b>Current</b>			
Prepayments		6,892	3,236
		<u>6,892</u>	<u>3,236</u>

### Note 9: Other Financial Assets

<b>Current</b>			
Financial assets at fair value through profit or loss	9 (a)	741	-
		<u>741</u>	<u>-</u>
<b>a. Financial assets at fair value through profit or loss:</b>			
Held-for-trading Australian listed shares		741	-
		<u>741</u>	<u>-</u>

Shares held for trading are traded for the purpose of short-term profit taking. Changes in fair value are included in the statement of comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010	2009
<b>Note 10: Plant and Equipment</b>			
Leasehold improvements – at cost		77,529	77,529
Accumulated depreciation		(4,448)	(2,544)
		<u>73,081</u>	<u>74,985</u>
Plant and equipment – at cost		356,454	348,990
Accumulated depreciation		(161,701)	(89,192)
		<u>194,753</u>	<u>259,798</u>
Total Plant and equipment		<u>267,834</u>	<u>334,783</u>

### a. Movements in Carrying Amounts

Movement in the carrying amounts of each class of property plant and equipment between the beginning and the end of the current financial year.

	Leasehold Improvements		Plant & Equipment		Total	
	2010	2009	2010	2009	2010	2009
Opening balance	74,985	77,206	259,798	195,680	334,783	272,886
Additions	-	-	7,464	120,780	7,464	120,780
Depreciation expense	(1,904)	(2,221)	(72,509)	(56,662)	(74,413)	(58,883)
Balance at 30 June	<u>73,081</u>	<u>74,985</u>	<u>194,753</u>	<u>259,798</u>	<u>267,834</u>	<u>334,783</u>

	2010	2009
<b>Note 11: Intangible Assets</b>		
Goodwill – at cost	1,000,000	1,000,000
Net carrying value	<u>1,000,000</u>	<u>1,000,000</u>
Client book acquired – at cost	1,900,000	1,900,000
Accumulated amortisation	(475,000)	(285,000)
Net carrying value	<u>1,425,000</u>	<u>1,615,000</u>
Total intangibles	<u>2,425,000</u>	<u>2,615,000</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The client list acquired is amortised over its effective life, determined to be 10 years. The remaining amortisation period is 7.5 years. (Refer Note 1g)

### a. Movements in Carrying Amounts

Movement in the carrying amounts of each class of intangible asset between the beginning and the end of the current financial year

	Goodwill		Client Book Acquired		Total	
	2010	2009	2010	2009	2010	2009
Opening balance	1,000,000	1,000,000	1,615,000	1,805,000	2,615,000	2,805,000
Amortisation expense	-	-	(190,000)	(190,000)	(190,000)	(190,000)
Balance at 30 June	1,000,000	1,000,000	1,425,000	1,615,000	2,425,000	2,615,000

### Impairment Disclosures

Goodwill is allocated to cash generating units which are based on the Company's reporting segments

Share registry	1,000,000
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The recoverable amount of each cash generating unit above has been determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 3 year period with the period beyond 3 years extrapolated using an estimated growth rate. The cash flows are discounted by using the yield of 10 year government bonds at the beginning of the budget period.

The following assumptions were used in the value-in use calculations:

	Growth Rate	Discount Rate
Share registry	15%	7%

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the periods which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010	2009	
Note 12: Tax				
Current				
Income Tax Payable		134,304	339,346	
Non- Current				
	Opening Balance	Charged to Income	Charged directly to Equity	Closing Balance
Deferred Tax Liability				
Accrued Income	1,323	1,371	-	2,694
Balance at 30 June 2009	1,323	1,371	-	2,694
Accrued Income	2,694	2,612	-	5,306
Balance at 30 June 2010	2,694	2,612	-	5,306
Deferred Tax Assets				
Provisions and Accrued Expenses	5,019	40,794	-	45,813
Balance at 30 June 2009	5,019	40,794	-	45,813
Provisions and Accrued Expenses	45,813	2,839	-	48,652
Balance at 30 June 2010	45,813	2,839	-	48,652
		2010	2009	
Note 13: Trade and other payables				
Current				
Trade creditors and accruals		199,626	370,756	



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### Note 14: Provisions

	\$
Opening balance at 1 July 2009	56,166
Additional provisions:	
Short- term Employee Benefits	39,058
Long- term Employee Benefits	<u>1,116</u>
Balance at 30 June 2010	<u>96,340</u>

	Notes	2010	2009
<b>Analysis of Total Provisions</b>			
Current			
Short- term Employee Benefits		<u>85,504</u>	<u>51,599</u>
Non-current			
Long- term Employee Benefits		<u>10,836</u>	<u>4,567</u>
		<u>96,340</u>	<u>56,166</u>

### Note 15: Issued Capital

40,400,000 (2009 : 40,400,000) fully paid ordinary shares)	5,840,044	5,840,044
	<b>No.</b>	<b>No.</b>
<b>a. Ordinary Shares</b>		
At the beginning of the reporting period	40,400,000	40,400,000
Shares issued during the year	-	-
At reporting date	<u>40,400,000</u>	<u>40,400,000</u>

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

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

### b. Capital Management

Management controls the capital of the Company in order to maintain a good debt to equity ratio, provide shareholders with adequate returns and ensure the Company can fund its operations and continue as a going concern.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

At reporting date, the Company held no debt. There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Company since listing on 10 June 2008.

<b>Note 16: Cash flow information</b>	<b>Notes</b>	<b>2010</b>	<b>2009</b>
<b>Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>			
Profit after income tax		1,462,026	839,106
Non cash flows in profit:			
Amortisation		190,000	190,000
Depreciation		74,413	58,542
		<u>1,726,439</u>	<u>1,087,648</u>
Changes in equity as a result of adjustments during listing		-	(21,970)
Changes in assets and liabilities:			
(Increase)/decrease in trade and term receivables		99,869	(152,093)
(Increase)/decrease in prepayments		(3,656)	(3,236)
(Increase)/decrease in receivable relating to initial trading activities conducted via related party		-	5,933
Increase/(decrease) in trade payables and accrual		(171,132)	236,799
Increase/(decrease) in income taxes payable		(205,038)	26,602
Increase/(decrease) in deferred taxes payable		(228)	(39,424)
Increase/(decrease) in provisions		35,944	56,166
		<u>1,482,198</u>	<u>1,196,425</u>

### Note 17: Events Occurring after Balance Date

#### a. Washington H Soul Pattinson and Company Limited

On 8 July 2010 Washington H Soul Pattinson and Company Limited has taken a placement of 2,000,000 shares and purchased through an off market transaction, a further 2,000,000 shares from the founder and major shareholder of Advanced Share Registry, Mr Kim Chong. Both transactions were at 50c value per ordinary share.

#### b. Proposed dividend

The Directors proposed that a dividend of 1.85 cent per share fully franked be paid out of the current year earnings. This dividend was paid on 20 August 2010.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### c. Repayment by related party of amount receivable

The receivable (*refer Note 7b*) was repaid to the Company by the related party in full on 16 July 2010.

Other than matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### Note 18: Capital and leasing commitments

#### Non-cancellable operating lease commitments

Future operating lease rentals not provided for in the financial statements and payable:

	2010	2009
- not later than 12 months	129,095	123,430
- between 12 months and 5 years	338,379	41,806
- greater than 5 years	-	-
	<u>467,474</u>	<u>165,236</u>

The property lease is a non-cancellable lease with a 3 year term with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by 5% per annum. The Company has decided to exercise the option to renew the lease at the end of the 3 year term for an additional 3 years.

### Note 19: Contingent Liabilities

The Company has no known or identifiable contingent liabilities.

### Note 20: Financial Risk Management

#### Financial Instruments

#### Categories of Financial Instruments

	2010	2009
<b>Financial Assets</b>		
Cash and cash equivalents	3,714,152	3,336,885
Loans and receivables	651,270	761,184
<i>Financial assets at fair value through profit or loss</i>		
Investments – held-for-trading	741	-
	<u>4,366,163</u>	<u>4,098,069</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### Financial liabilities ( at amortised cost)

Payable and borrowings	199,626	370,756
	<u>199,626</u>	<u>370,756</u>

#### a. General objectives, policies and processes

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The principal financial instruments from which financial instrument risk arises:

- trade receivables
- cash at bank
- investments
- trade and other payables
- floating-rate bank term loans
- deposits
- loans receivable

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function. The Company's risk management policies and objectives are therefore designed to minimise the potential impact of these risks on the result of the Company where such impacts may be material.

#### b. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non- performance by counter parties of the contract obligations that could lead to a financial loss to the Company.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counter parties), ensuring to the extent possible, that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Company, credit terms are generally 14 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the FRMC has otherwise cleared as being financially sound. Where the Company is unable to ascertain a satisfactory credit risk profile in relation to a customer or counter party, then risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

There is no material amounts of collateral held as security at 30 June 2010.

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

	2010	2009
Trade debtors	633,210	741,785
Receivable from related party	374	10,418

### c. Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties raising funds to meet commitments associated with financial instruments, eg. Borrowing repayments. It is the policy of the Board of Directors that treasury maintains adequate committed credit facilities.

### Financial liability and financial asset maturity analysis

	Within 1 Year		Total	
	2010	2009	2010	2009
<b>Financial liabilities due for payment</b>				
Trade and other payables	199,626	370,756	199,626	370,756
<b>Total expected outflows</b>	199,626	370,756	199,626	370,756
<b>Financial assets – cash flows realisable</b>				
Cash and cash equivalents	3,714,152	3,336,885	3,714,152	3,336,885
Trade, term and loans receivables	651,270	761,184	651,270	761,184
Held-for-trading investments	741	-	741	-
<b>Total anticipated inflows</b>	4,366,163	4,098,069	4,366,163	4,098,069
<b>Net (outflow)/ inflow on financial instruments</b>	4,166,537	3,727,313	4,166,537	3,727,313

### Financial arrangements

Nil at balance date.

### d. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The Company has significant interest bearing assets, and the entity's main interest rate risk is that it may suffer loss of income should interest rates decline.

The Company has no significant borrowings which may give rise to interest rate risks.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

Maturity of notional amounts:	Effective Average Fixed Interest Rate Payable		Notional Principal	
	2010	2009	2010	2009
Less than 1 year	4.44%	2.82%	4,365,422	4,098,069
	4.44%	2.82%	4,365,422	4,098,069

Trade and sundry payables are expected to be paid in full in less than six months.

### Net Fair Values

The net fair values of:

- Term receivables, government and fixed interest securities and bonds are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value
- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value
- Other assets and other liabilities approximate their carrying value

Other than investments of listed shares, there are no financial assets and financial liabilities readily traded on organised markets in standardised form.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date

	Carrying Amount		Net Fair Value	
	2010	2009	2010	2009
<b>Financial Assets:</b>				
Cash and cash equivalents	3,714,152	3,336,885	3,714,152	3,336,885
Receivables	651,270	761,184	651,270	761,184
Investments – held-for-trading	741	-	741	-
<b>Total Financial Assets</b>	<b>4,366,163</b>	<b>4,098,069</b>	<b>4,366,163</b>	<b>4,098,069</b>
<b>Financial Liabilities:</b>				
Trade and sundry payables	199,626	370,756	199,626	370,756
<b>Total Financial Liabilities</b>	<b>199,626</b>	<b>370,756</b>	<b>199,626</b>	<b>370,756</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### Note 20: Financial Risk Management (cont'd)

#### *Financial Instruments Measured at Fair Value*

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

#### 2010

Financial assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
- Investments-held-for-trading	741	-	-	741

#### 2009

Financial assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
- Investments-held-for-trading	-	-	-	-

### Sensitivity Analysis

The Company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

#### *Interest Rate Risk*

	2010	2009
Change in profit		
- Increase in interest rate by 2%	60,000	40,000
- Decrease in interest rate by 2%	(60,000)	(40,000)
Change in equity		
- Increase in interest rate by 2%	60,000	40,000
- Decrease in interest rate by 2%	(60,000)	(40,000)

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

### **Note 21: Related Party Disclosures**

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

#### **Executive Services Agreements**

##### **- Kim Chong**

On 21 February 2008, the Company entered into a services agreement with Mr Kim Chong effective from the date the Company obtains conditional approval from ASX for the quotation of its shares. Under the Services Agreement, Mr Chong is engaged by the Company to provide services to the Company in the capacity of Managing Director and Chief Executive Officer.

Mr Chong is to be paid an annual remuneration of \$275,000, inclusive of statutory superannuation. Mr Chong will also be reimbursed for reasonable expenses incurred in carrying out his duties. Mr Chong waived the right for any remuneration until 1 July 2008.

The Services Agreement continues for a period of 3 years, with an option to extend for a further 3 year term, unless terminated in accordance with the relevant provisions of the Service Agreement. The Services Agreement contains standard termination provisions under which the Company must give notice of termination, or alternatively payment in lieu of service. In addition Mr Chong is entitled to all unpaid remuneration and entitlements up to the date of termination.

Mr Chong is the major Shareholder through indirect interests and Director of the Company.

#### **Commercial Services Agreement**

##### **- Winduss & Associates Pty Ltd**

The Company receives accounting and secretarial services from Winduss & Associates Pty Ltd, an accounting practice of which Mr Winduss is a director and shareholder. Fees charged are at normal commercial rates and conditions. Fees charged to 30 June 2010 for accounting and secretarial services, was \$39,536 including GST (2009:\$63,918). The amount owing to Winduss & Associates Pty Ltd at 30 June 2010 is nil. (2009:\$63,228).

#### **Tenancy Agreement**

##### **- Cherry Field Pty Ltd**

The Company required an additional area to assist in operations during the period. On 1 November 2009, the Company entered into a lease agreement with Cherry Field Pty Ltd, a Company owned and controlled by an associate of Mr Chong. The agreement has been concluded on a commercial monthly tenancy basis. The Company has incurred \$17,523 for the year ended 30 June 2010 under this agreement.

#### **Receivables**

The receivable as at 30 June 2010 has arisen due to a minor expense being paid in error on behalf of Mr Kim Chong, the Company's Managing Director. The amount has been repaid subsequent to the balance date.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010	2009
<b>Note 22: Earnings per share</b>			
<b>Earnings used in the calculation of EPS</b>			
Profit		1,462,026	839,106
<b>Earnings per share</b>			
Basic earnings per share		3.61c	2.08c
Diluted earnings per share		3.61c	2.08c
<b>Weighted average number of ordinary shares used as the denominator</b>			
Weighted average number of ordinary shares used - as the denominator in calculating basic earnings per share		40,400,000	40,400,000

Post balance date the issue of 2,000,000 shares on the 08 July 2010 will change the earnings per share to 3.53c

### Note 23: Operating Segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Company is managed on the basis that it provides share registrar services operating in the geographical region of Australia. The provision of share registry services is considered to be one business segment.

	30 June 2010	30 June 2009
<b>Revenue by geographical region</b>		
Australia	4,602,068	3,651,405
<b>Assets by geographical region</b>		
Australia	7,114,541	7,096,901

### Major customers

The Company has a number of customers to whom it provides services. Although the Company has no single external customer that accounts for more than 5% of its income, a group of 10 customers, each exceeding 2% of the Company's income, accounts for approximately 26% (2009: 7 customers each exceeding 2% of the Company's income accounted for 21%) of the Company's income.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
<b>Note 24: Dividends</b>		
Distributions paid		
Final dividend fully franked of 1 cent (2009: 1.5 cents) per share franked at the tax rate of 30% (2009: 30%)	404,000	606,000
Interim dividend fully franked of 1.75 cents (2009: 1 cents) per share franked at the tax rate of 30% (2009: 30%)	707,000	404,000
	<u>1,111,000</u>	<u>1,010,000</u>
a. Proposed final 2010 fully franked dividend of 1.85 cents (2009:1 cent) per share franked at the tax rate of 30% (2009: 30%)	784,400	404,000
b. Balance of franking account at year end adjusted for franking credits arising from:		
- Payment of provision for income tax	548,723	295,772
Subsequent to year end, the franking account would be reduced by the proposed dividend as follows:	(336,171)	(173,143)
	<u>212,552</u>	<u>122,629</u>

## Note 25: Interests of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2010.

The totals of remuneration paid to KMP of the Company during the year are as follows:

	2010	2009
Short -term employee benefits	358,539	447,797
Post-employment benefits	26,461	18,598
Long -term benefits	1,712	214
	<u>386,712</u>	<u>466,609</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### Note 25: Interest of Key Management Personnel (KMP) (cont'd)

#### KMP Shareholdings

The number of ordinary shares in the Company held by each KMP of the Company during the financial year is as follows:

<b>30 June 2010</b>	<b>Balance at start of year</b>	<b>Issued during the year</b>	<b>Purchased/(sold) during the year</b>	<b>Balance at the end of the year</b>
S. Cato	495,000	-	-	495,000
K. Chong	25,799,500	-	10,000	25,809,500
A. Tan	470,500	-	-	470,500
A. Winduss	200,000	-	-	200,000
	<u>26,965,000</u>	<u>-</u>	<u>10,000</u>	<u>26,975,000</u>

  

<b>30 June 2009</b>	<b>Balance at start of year</b>	<b>Issued during the year</b>	<b>Purchased/(sold) during the year</b>	<b>Balance at the end of the year</b>
S. Cato	495,000	-	-	495,000
K. Chong	25,770,500	-	29,000	25,799,500
A. Tan	395,500	-	75,000	470,500
A. Winduss	200,000	-	-	200,000
M. Vaughan	949,500	-	35,000	984,500
	<u>27,810,500</u>	<u>-</u>	<u>139,000</u>	<u>27,949,500</u>

No shares have been issued as remuneration to any personnel of the Company.

## DIRECTORS' DECLARATION

1. In the opinion of the Directors of Advanced Share Registry Limited (the 'Company'):
  - (a) the financial statements and notes set out on pages 15 to 54 and the Remuneration disclosures that are contained in pages 11 to 12 of the Remuneration Report in the Director's Report, are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the Company's financial position as at 30 June 2010 and of its performance, for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
    - (iii) complying with International Financial Reporting Standards as disclosed in Note 1.
  - (b) the remuneration disclosures that are contained in pages 11 to 12 of the Remuneration Report in the Directors' Report comply with Australian Accounting Standards AASB 124 Related Party Disclosures and
  - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2010.

Signed in accordance with a resolution of the Directors.



.....  
Simon Cato  
Chairman of Directors

Signed at Perth on 17th of September 2010.





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## **Independent Auditor's Report To the Members of Advanced Share Registry Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Advanced Share Registry Limited (the "Company"), which comprises the statement of financial position 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 to the financial report and the directors' declaration.

### **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 are 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. The directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures 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 which require us to 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 Advanced Share Registry Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the Company's financial position as at 30 June 2010 and of its 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 the notes to the financial statements.

### **Report on the remuneration report**

We have audited the remuneration report included in pages 11 to 12 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 on the remuneration report**

In our opinion, the remuneration report of Advanced Share Registry Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M J Hillgrove  
Director – Audit & Assurance

Perth, 17 September 2010

## SHAREHOLDER INFORMATION

(Current as at 14 September, 2010)

### A. Substantial Shareholders

Name	Number of Shares	Percentage of Issued Capital
KMC Automation Pty Ltd	23,809,500	56.15

### B. Distribution of Fully Paid Ordinary Shares

i) Distribution Schedule of Holdings	Holders	Number of Shares	Percentage of Issued Capital
1-1,000	6	2,751	0.006
1,001-5,000	111	471,976	1.113
5,001-10,000	86	796,905	1.879
10,001-100,000	192	5,546,848	13.082
100,001 and over	28	35,581,520	81.21
Total number of holders	423	42,400,000	100.00
ii) Holding less than a marketable parcel	3		

C. Twenty Largest Shareholders	Number of Shares	Percentage of Issued Capital
1 KMC Automation Pty Ltd	23,809,500	56.15
2 Washington H Soul Pattinson and Company Ltd	4,000,000	9.43
3 M T Vaughan	1,438,208	3.39
4 Pacific Custodians Pty Ltd	1,374,634	3.24
5 The Australian Superannuation Group (WA) Pty Ltd	645,050	1.52
6 J P Morgan Nominees Australia Ltd	400,000	0.94
7 Lake Springs Pty Ltd, <The Lake Springs S/F A/C>	332,500	0.78
8 J Davidson & E Davidson	307,543	0.72
9 S K Cato	250,000	0.59
10 Tim National Pty Ltd	250,000	0.59
11 Alberta Resources Pty Ltd, <British Columbia S/F A/C>	240,000	0.56
12 Senorita Pty Ltd	205,000	0.48
13 Ostle Investments Pty Ltd, <Tan Family Super Fund A/C>	200,000	0.47
14 Generation Capital Pty Ltd	200,000	0.47
15 A C Winduss	200,000	0.47
16 Kouta Bay Pty Ltd, <The Houndy Family A/C>	187,500	0.44
17 Stephen Brockhurst, <SM Brockhurst Family A/C>	150,000	0.35
18 Broadmayne Pty Ltd	150,000	0.35
19 Estoril Holdings Pty Ltd	150,000	0.35
20 Stedcorp Pty Ltd	140,000	0.33

### D. Restricted Securities

There are no securities under escrow at 30 June 2010. (2009: 2,139,500)

### E. Voting Rights – Ordinary Shares

On a show of hands, every member, present in person or by proxy, shall have one vote and upon a poll every member, present in person or by proxy, shall have one vote for each share.



