



**ADVANCED OCULAR SYSTEMS LIMITED (ASX: AOS)**

**AND**

**INTERNATIONAL FORMWORK & SCAFFOLDING LIMITED**

**JOINT ASX AND MEDIA RELEASE – 22 DECEMBER 2008**

**ADVANCED OCULAR SYSTEMS LIMITED (ASX: AOS) ANNOUNCES BID FOR INTERNATIONAL FORMWORK & SCAFFOLDING LIMITED**

Advanced Ocular Systems Limited (**AOS** or **Company**) today announced that its Board has agreed to a merger with public, unlisted company International Formwork & Scaffolding Limited (ACN 129 229 723) (**IFS**) (**Merger**). The terms of the Merger are contained in a Memorandum of Understanding signed by AOS and IFS on 17 December 2008 (**MOU**), the material terms of which are summarised below.

The Merger has the unanimous support of the IFS board, who intend to recommend the offer to IFS shareholders in the absence of a superior proposal or a material adverse event affecting AOS. All of the IFS directors have indicated that, in the absence of a superior proposal or a material adverse event affecting AOS, they intend to accept AOS' offer in relation to their personal and associated shareholdings.

**Merger Summary**

The Merger will proceed by means of a scrip offer by AOS for the shares of IFS (**Offer**). AOS has agreed to lodge a Bidder's Statement containing the terms of the Offer as soon as reasonably practicable. Unless otherwise agreed between AOS and IFS, the terms of the Offer must be no less favourable than, or include conditions other than, the agreed bid terms, which include:

1. AOS will bid a total of **1.575 billion AOS shares** at a deemed issued price of 1.43 cents each and **787.5 million listed AOS options** with an exercise price of 2.5 cents each and expiring 30 September 2010. The Offer values IFS at \$22.5 million.
2. AOS must consolidate its issued capital on a 1 for 14 basis before the Merger can be completed (**Consolidation**). The Offer, once this Consolidation has occurred, will be converted to a total of **112.5 million AOS shares** at a deemed issue price of 20 cents each and **56.25 million listed AOS options** with an exercise price of 35 cents each.
3. The number of AOS shares and listed AOS options issued to each IFS Shareholder will depend on the number of IFS shares on issue at the end of the Offer Period. IFS currently has 195,250,000 shares on issue and anticipates issuing another 5,175,000 shares prior to or during the Offer Period. Accordingly, AOS anticipates that 200,425,000 IFS shares will be on issue at the end of the Offer Period. In this case, the Offer will comprise (post Consolidation) **561 AOS shares and 281 listed AOS options for every 1000 IFS shares held** by an IFS shareholder (a ratio of 0.561 AOS shares and 0.281 listed AOS options for every 1 IFS share held).

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4. The total number of AOS shares and listed AOS options made available by AOS under the terms of the Offer will not change in the event that further IFS Shares are issued during the Offer Period beyond those issues previously agreed with AOS. In these circumstances, only the ratio of the AOS Shares and the Listed AOS Options being offered to each IFS Shareholder will change.

The Offer will be subject to a number of defeating conditions (full details are provided in Annexure A), including without limitation:

1. a minimum acceptable condition of 90%;
2. AOS shareholders providing the necessary approvals for the Merger, including without limitation approving AOS' change in nature and scale under Chapter 11 of the ASX Listing Rules and the Consolidation;
3. an independent expert confirms that the terms of the Merger are fair and reasonable to the non-associated shareholders of AOS;
4. by the end of the Offer Period, AOS lodges a prospectus with the ASIC and raises the minimum subscription, being \$2.5 million (or such other amount as agreed) (**Prospectus**). The AOS shares offered under the Prospectus will have an issue price of 20 cents each (post Consolidation) and include a one for one free AOS option with an exercise price of 35 cents each (post Consolidation) expiring 30 September 2010. The maximum subscription will be up to \$5 million (or such other amount as agreed), as market conditions allow; and
5. all regulatory approvals are obtained, including ASX granting AOS conditional approval for reinstatement to trading following completion of the Merger.

In the event the Offer is freed of all its defeating conditions, the Merger will be completed as follows (as required by the MOU):

1. AOS will issue the applicable number of AOS shares and listed AOS options to the IFS Shareholders who have accepted the Offer in consideration for the acquisition of all of their IFS Shares in accordance with the Bidder's Statement;
2. AOS will issue AOS shares and AOS options to subscribers in accordance with the Prospectus;
3. AOS will change its name to a name as agreed by AOS and IFS and apply for the ASX code: "**IFS**" and
4. management and board control will pass to the existing directors of IFS with the appointment of Mr Bill Ryan as proposed Chairman (currently IFS chairman), Mr Douglas Weir as proposed Managing Director and Mr Billy Ong and Mr Ian Spence as directors. The existing Directors will resign other than Mr John Yeudall, the current AOS chairman, and Mr Evan Cross, who will remain as independent directors of the proposed six member board; and
5. AOS intends to use proceeds from the Prospectus to fund further growth opportunities for the IFS business.

The Merger will result in AOS completing its transformation from an ophthalmic investment company to an operating company providing scaffolding and formwork services on an international basis. Management control of the business will be assumed

by the IFS managing director, Mr Douglas Weir, and his management team, with the head office relocating to the IFS head office in Malaga, Western Australia.

### **Overview from the Chairmen of AOS and IFS**

AOS Chairman, John Yeudall, said that AOS had for some time been looking for an operating business that could provide shareholders with strong growth and the ability to significantly increase shareholder value over the long term. He said that the IFS business displays the acquisition attributes AOS is seeking, namely;

- ✓ A highly experienced board and management team with a successful track record in their industry.
- ✓ A growth oriented business with an established base in the Western Australian economy.
- ✓ National and international business perspective, particularly in the Asia region and Middle East.
- ✓ Strong growth prospects.
- ✓ An attractive acquisition multiple.

IFS Chairman, Bill Ryan, said the merger with AOS provided IFS with the growth capital it needed to continue its domestic and international expansion. He said that IFS had been working towards an IPO prior to the effective closure of the capital markets caused by the global financial crisis. The merger with AOS will allow the company to achieve its public company objective and position itself as a strong industry participant. He said that IFS shareholders would benefit along with AOS shareholders from having tradable securities in a merged group with low levels of debt and excellent growth prospects. In essence it is a win for both shareholder groups, he said.

### **Change of Activities**

The Merger with IFS will result in a significant change in the nature and scale of AOS' activities. Accordingly, shareholder approval for the acquisition will be sought in accordance with ASX Listing Rule 11.1.2 and AOS will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules in conjunction with the Merger.

In this regard, as noted above, AOS must prepare a full form prospectus and will seek to raise \$2.5 million and up to \$5 million (or such other amounts as agreed) (subject to market conditions) through the issue of AOS shares at an issue price of 20 cents each (post Consolidation) (**Capital Raising**). A one (1) for one (1) free attaching listed AOS option (with an exercise price of 35 cents each (post Consolidation) expiring 30 September 2010) will also be offered to subscribers under the Prospectus.

### **Executive Summary of IFS' Business and Operations**

IFS was incorporated in Australia in early 2008. The company was established by the current managing director Mr. Doug Weir, a 30 year veteran in the international formwork industry, with major financial backing provided by Millennium Scaffolding Asia Ltd, a major scaffolding equipment manufacturer based in Hong Kong.

Since its formation, IFS has moved quickly to establish a fully operational branch in Singapore that is operating successfully and working on several prominent projects. These include the Sentosa Island I R (the Island Casino project), a high rise building project

in Orchard Road, work on the new US\$2.5 billion Solar Panel Plant in Singapore and the supply of formwork for a new cement silo in Singapore Port. In addition to the formwork projects, IFS' climbing scaffold safety screens are currently being installed on the new DBS Bank building and a high-rise condominium in central Singapore for listed Singapore construction company Wee Hur Construction. Despite the "technical recession" announced in Singapore, IFS is continuing to see strong demand for its products and services.

In Western Australia, IFS has established its Perth branch and head office management, administration and finance departments in the industrial precinct of Malaga. The first contracts for the Perth branch include; the supply of formwork on the for McGovern Construction on a 5 storey Apartment complex, and Site Accommodation Gantry for Salta Construction commercial development in CBD Perth And several other prominent projects in the Perth CBD.

In addition to the Perth formwork division, IFS completed the acquisition of Hire Access Pty Ltd (**Hire Access**), a successful Perth based commercial scaffolding business, in September 2008. Hire Access has achieved a strong reputation for quality work in the commercial scaffolding sector over the past 10 years. Hire Access is performing strongly as a profitable business unit and is working closely with the IFS Perth branch to quote on both formwork and scaffolding for large commercial contracts. IFS expects to capitalise on and compliment the business relationships developed by Hire Access over the years to build an even stronger and more successful business enterprise.

Over the coming months, IFS intends to expand its operations both nationally and internationally to service strategic market sectors in formwork predominantly.

Notwithstanding the global slowdown being experienced, IFS expects profitable growth across all branches in calendar (and financial) year 2009. One of IFS's key advantages in surviving any downturn is an intimate knowledge of the international formwork industry and its ability to move across a number of geographic regions with fully transportable product.

### **IFS Board of Directors**

#### **Bill Ryan – Independent Chairman**

Bill Ryan is a former Chairman of PCH Group Limited and has 30 years experience in hire and contracting businesses.

#### **Douglas Weir – Managing Director**

Douglas Weir is the founder of IFS and has 30 years international formwork experience working with SGB in management positions in Saudi Arabia, Dubai, Turkey, Indonesia, Singapore, Taiwan and Hong Kong.

#### **Billy Ong – Director (Hong Kong)**

Billy Ong is the founder of Millennium Scaffolding Asia Limited, a major international manufacturer of scaffolding equipment and strategic equipment supplier to IFS. Millennium Scaffolding Asia Limited is a cornerstone IFS shareholder.

### **Ian Spence – Independent Director (Singapore)**

Ian Spence has significant senior commercial experience in Asia based businesses. He is a resident of Singapore and a NZ expatriate. He is a CPA and now a professional director for a number of private and public companies. He is Chairman of IFS' audit committee.

### **IFS Senior Management**

#### **Douglas Weir – Managing Director**

#### **Scott Williams – Director Scaffolding**

Scott Williams is the founder and Managing Director of Hire Access Pty Ltd. He has 10 years experience in the scaffolding industry.

#### **Chris Tan – Country Manager (Singapore)**

Chris Tan has approximately 8 years experience with SGB and 3 years with the PCH Group as Country Formwork Manager.

#### **Wil Cuperus – Chief Financial Officer**

Wil Cuperus had 11 years experience with the PCH Group as a senior accountant and CFO and 3 years as Company Secretary.

### **IFS Business Strategy**

- ✓ To provide a highly experienced competitor to the Asia region formwork & scaffolding market place.
- ✓ To offer rental and sale options on a range of formwork & scaffolding products.
- ✓ To access exclusive products for supply only through IFS.
- ✓ To target high end projects where quality / safety and experience are more important than just price.
- ✓ To identify and acquire strategic assets that can benefit from group integration.

### **Overview of intentions in relation to residual AOS assets**

As announced to shareholders over the past 12 months, AOS has been progressively selling its ophthalmic investment portfolio. At the current date, AOS has two non cash assets remaining in its portfolio, together with cash of approximately \$3.7 million.

The two non cash assets comprise;

1. the Alcon license for the use of Triamcinolone Acetonide in various eye conditions; and
2. an investment interest in the Westfield property subdivision due for completion in calendar 2009.

With the proposed merger with IFS, AOS will look for the opportunity to convert its remaining assets to cash in the next twelve months to support the growth of the formwork and scaffolding business.

## Loan Agreement

In conjunction with the Merger, AOS and IFS have entered into a loan terms sheet (**Loan Agreement**) under which AOS agreed, subject to a number of conditions precedent, to advance up to \$2,000,000 to IFS for short term working capital purposes pending completion of the Merger (**Loan**). The Loan will be secured over IFS and its subsidiary Hire Access (behind two priority charges). The Loan Agreement is conditional on AOS obtaining this security.

## Break Fee

Where a party terminates the MOU due to a material default by the other party under the MOU during the Offer Period, the defaulting party must pay a break fee of \$50,000.

IFS must also pay a break fee of \$50,000 where the MOU is terminated by:

1. AOS as a result of IFS receiving and recommending a superior proposal from a third party or a breach of an IFS representation and warranty given under the MOU; or
2. AOS or IFS as a result of IFS receiving a superior proposal from a third party and that third party acquiring more than 50% of the voting power in IFS.

## Related Party Disclosure

Mr. Evan Cross and Mr. Vlado Bosanac are non executive directors of AOS and are executive directors of Greenday Corporate Pty Ltd (**GDC**).

GDC has a continuing corporate advisory mandate with AOS under which GDC will be entitled to a success fee equal to 3% of the gross acquisition price of IFS if the Merger proceeds. While this fee is payable in cash, GDC has agreed to accept the fee as to 50% only in cash and 50% in post consolidated AOS shares at \$0.20 each.

Prior to the discussions being entered into between AOS and IFS, Mr. Cross acted as a non executive director of IFS and GDC acted in a corporate advisory capacity to IFS and received corporate advisory fees in the form of cash and IFS shares. Mr Cross resigned from the board of IFS and GDC terminated its corporate advisory mandate with IFS to allow the merger discussions to occur between IFS and AOS without conflict.

While Mr. Cross and Mr. Bosanac as AOS directors have been privy to the discussions between the two groups, the decision to agree final terms and proceed with the merger Memorandum of Understanding has been taken by the independent directors of AOS and IFS. AOS has also commissioned an Independent Expert's Report to consider the fairness and reasonableness of the transaction to the non-associated shareholders of AOS. This report will accompany the Notice of Meeting to be sent to AOS shareholders seeking shareholder approval for the Merger.

## Pro-forma Balance Sheet

Set out in Annexure "B" to this announcement is a pro-forma balance sheet showing the effects of the Merger and the proposed Capital Raising.

## Proposed Capital Structure

Outlined below is the capital structure of AOS assuming completion of the Consolidation, the Merger and the Capital Raising.

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Ordinary Shares	Pre Consolidation	Post Consolidation
Current Shares on issue	521,540,561	37,252,897
Merger Consideration (assuming 100% acceptance of Offer)*	1,575,000,000	112,500,000
Capital Raising (assuming \$5m raised)**	350,000,000	25,000,000
Shares issued to GDC***	23,625,000	1,687,500
<b>TOTAL</b>	<b>2,470,165,561</b>	<b>176,440,397</b>

\*Deemed issue price of \$0.0143 each (\$0.20 each post Consolidation)

\*\*Issue price of \$0.0143 each (\$0.20 each post Consolidation)

\*\*\* Deemed issue price of \$0.0143 each (\$0.20 each post Consolidation). These shares comprise 50% of GDC's 3% success fee in relation to the Merger, and will be issued on completion of the Merger.

AOS Listed Options	Pre Consolidation	Post Consolidation
Current listed options on issue*	431,078,857	30,791,347
Merger Consideration (assuming 100% acceptance of Offer)*	787,500,000	56,250,000
Capital Raising (assuming \$5m raised)*	350,000,000	25,000,000
<b>TOTAL</b>	<b>1,568,578,857</b>	<b>112,041,347</b>

\* Exercise price of \$0.025 each (\$0.35 each post Consolidation) expiring 30 September 2010.

AOS Unlisted Options	Pre Consolidation	Post Consolidation
Current unlisted options on issue*	11,538,462	824,176
Merger Options**	245,000,000	17,500,000
<b>TOTAL</b>	<b>256,538,462</b>	<b>18,324,176</b>

\*Exercise price of \$0.10 each (\$1.40 each post Consolidation) expiring 30 September 2012.

\*\*Exercise price of \$0.0179 each (\$0.25 each post consolidation) and expiring 30 September 2012, issued on completion of the Merger. Of these, 28 million options (2 million options post Consolidation) are to be issued under AOS' Employee Option Scheme to be approved by AOS shareholders (exercisable at \$0.25 each post consolidation). Of the remainder, 112 million options (8 million options post Consolidation) are to be issued to Mr Doug Weir and 105 million options (7.5 million options post Consolidation) are to be issued to Mr Billy Ong.

### Indicative Timetable

An indicative timetable for completion of the Merger is set out below:

<u>Event</u>	<u>Date</u>
Announcement of Merger	22 December 2008
Dispatch Notice of Meeting seeking approval for Merger	20 January 2009
Lodgement of Bidder's Statement with ASIC	23 January 2009

Bidder's Statement and Target Statement dispatched to IFS Shareholders	3 February 2009
Suspension of AOS shares from trading on ASX at the opening of trading	20 February 2009
General Meeting to approve Merger	20 February 2009
Consolidation of AOS capital on a 1 for 14 basis (subject to approval at the General Meeting)	20 February 2009
Lodgement of Prospectus with the ASIC and ASX	23 February 2009
Opening of offer under the Prospectus	23 February 2009
Trading on deferred settlement basis starts	24 February 2009
Holding Statements dispatched reflecting Consolidation	3 March 2009
Despatch Date following Consolidation	9 March 2009
Closing Date of Prospectus Priority Offer	13 March 2009
Closing Date of Prospectus General Offer	20 March 2009
Closing Date of Offer under the Bidder's Statement	3 April 2009
Completion of the Merger	7 April 2009
Holding Statements dispatched	8 April 2009
Anticipated date the suspension of trading is lifted and AOS shares commence trading again on ASX	13 April 2009

The above timetable is indicative and may change without notice.

### **General**

AOS and IFS shareholders do not need to take any action at this time. A notice of meeting, bidder's statement and target's statement outlining all relevant information is currently being prepared and will be distributed to AOS and IFS shareholders as soon as practically possible.

For further information, please contact the Company on (08) 9217 2888.

Yours sincerely

**John Yeudall**  
**Chairman**  
**Advanced Ocular Systems Limited**



## **ANNEXURE "A" – MERGER CONDITIONS**

Subject to the exclusions further below, the Offer is proposed to be subject to the following defeating conditions:

### **1. Minimum Acceptance**

During, or by the end of, the Offer Period, AOS has a relevant interest in more than 90% (by number) of the sum of all IFS Shares on issue at the Announcement Date and issued during the Offer Period, whether by the exercise of convertible securities or otherwise.

### **2. Shareholder Approvals**

By the end of the Offer Period, AOS obtaining shareholder approval for the Merger in accordance with the requirements of the Corporations Act and the ASX Listing Rules, including, without limitation:

- (a) approval under ASX Listing Rule 11.1.3 for a change in the nature and scale of AOS' activities as a result of the Merger;
- (b) approval for the capital of AOS be consolidated on the completion date of the Merger on the basis that every 14 shares be converted into 1 share, and any options to acquire shares be consolidated on an equivalent basis and in accordance with the ASX Listing Rules;
- (c) approval for AOS to issue AOS Shares and Listed AOS Options under the Prospectus;
- (d) approval under the Corporations Act and the ASX Listing Rules (as applicable) for the payment of a 3% success fee to GDC conditional on completion of the Merger. The fee will be satisfied by the issue of 1,687,500 AOS Shares at a deemed issue price of \$0.20 (post Consolidation) and payment of \$337,500 (excluding GST) to GDC or its nominees on the completion date of the Merger; and
- (e) the allotment and issue of a total of 17,500,000 unlisted AOS Options (post Consolidation) to a number of related parties and IFS employees, with an exercise price of 25 cents each (post Consolidation) and expiring 30 September 2012.

### **3. Independent Expert's Report**

The Independent Expert engaged by AOS confirms that the terms of the Merger are fair and reasonable to the non-associated shareholders in AOS.

### **4. Prospectus**

By the end of the Offer Period, AOS lodges the Prospectus with the ASIC and raises the minimum subscription under the Prospectus, being \$2,500,000 (or such lesser number agreed to by AOS and IFS).

### **5. Regulatory Approvals**

All Regulatory Approvals are obtained, including ASX granting AOS conditional approval for reinstatement to trading following completion of the Merger.

**6. Change in Control**

No agreements or arrangements exist under which other parties have rights to terminate or vary a material agreement or arrangement with IFS, or acquire a material interest in IFS or a substantial interest in shares in IFS, as a result of AOS' acquisition of IFS Shares, except where a waiver has been given.

**7. IFS Material Adverse Event**

Between the Announcement Date and the end of the Offer Period, no event has occurred or become public that is, or is reasonably likely to be, an IFS Material Adverse Event.

**8. Material Acquisitions or Disposals**

Between the Announcement Date and the end of the Offer Period, IFS or a Subsidiary of IFS does not acquire or dispose of, agree to acquire or dispose of, or offer, propose, announce a bid or tender for any business, assets, entity or undertaking (**Acquisition or Disposal Event**), the value of which, when aggregated with any other Acquisition or Disposal Event, exceeds \$100,000, without AOS's prior written consent (consent will be deemed to be given by AOS if AOS does not respond in writing to IFS's request for consent within 2 Business Days after IFS's request is given to AOS) otherwise than in the ordinary course of business.

**9. Material Encumbrances**

Between the Announcement Date and the end of the Offer Period, IFS or a Subsidiary of IFS does not create, or agree to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property otherwise than:

- (a) in the ordinary course of business; and
- (b) a lien or other encumbrance which arises by operation of law or legislation securing an obligation that is not yet due,

without the prior written consent of AOS, not to be unreasonably withheld.

**10. Material Commitments and Compromises**

Between the Announcement Date and the end of the Offer Period, IFS or a Subsidiary of IFS does not:

- (a) enter into any contract or commitment requiring payments or foregoing of revenue by IFS or its Subsidiary taken as a whole (**Contract**), when aggregated with any other Contracts, in excess of \$100,000; or
- (b) accept as a settlement or compromise of a material matter (relating to an amount in excess of \$100,000), less than the full compensation due to IFS or a Subsidiary of IFS,

otherwise than in the ordinary course of business except with the prior written consent of AOS (consent will be deemed to be given by AOS, if AOS does not respond in writing to IFS's request for consent within 2 Business Days after IFS's request is given to AOS).

## 11. No Prescribed Occurrences

No prescribed occurrences (being occurrences listed in Section 652C(1)(a) – (h) and Section 652C(2)(a) – (e) of the Corporations Act but applied to an off market takeover bid) occur in relation to IFS or its Subsidiaries during the period from the Announcement Date to the date which is three (3) Business Days after the end of the Offer Period without the prior written consent of AOS.

## 12. No Dividends or Distributions

Between the Announcement Date and the end of the Offer Period, IFS and its Subsidiaries do not declare, distribute or resolve to pay or provide any dividend, bonus or other share of its profits or assets.

## 13. Hire Access Sale Agreement

The share sale agreement in relation to Hire Access Pty Ltd (ACN 081 990 552) (**Hire Access**) dated 28 August 2008 is amended such that the vendors under that agreement agree to replace their rights to \$500,000 worth of IFS shares (or \$500,000 in cash in the event IFS is not listed by 31 March 2009), with a right to \$500,000 in AOS shares (at 20 cents per share) upon AOS re-listing on the ASX following completion of the Merger (or \$500,000 in cash payable by IFS in the event AOS does not re-list by 30 April 2009).

## 14. Loan Agreement

IFS becomes entitled to draw down funds under the Loan Agreement.

### Exclusions

#### 1. Issues of IFS Shares

It is not an IFS Material Adverse Event or otherwise a breach of any defeating condition of the Offer for IFS to issue:

- (a) 5 million IFS Shares to a scaffolding manufacturing Company during the Offer Period, in consideration for the supply to IFS of \$500,000 worth of scaffolding equipment; or
- (b) 175,000 IFS Shares to Vlado Bosanac (or nominee) during the Offer Period in lieu of payment of a loan commitment fee of \$35,000.

#### 2. Hire Access Funding

It is not an IFS Material Adverse Event or otherwise a breach of any defeating condition of the Offer for:

- (a) Hire Access to borrow up to \$5 million from the National Australia Bank (**NAB**) (**NAB Loan**) and for IFS to enter into a parent guarantee in relation to the NAB Loan; or
- (b) NAB to be granted a first ranking fixed and floating charge over the assets and undertakings of IFS and Hire Access to secure the obligations of IFS and Hire Access under the NAB Loan.

## ANNEXURE "B" – UNAUDITED PRO-FORMA BALANCE SHEET FOR MERGER ENTITY

### BALANCE SHEET

As at 31 October 2008

	Note	Pro-forma Unaudited 31-Oct-08 \$
<b>Assets</b>		
Cash and cash equivalents		8,090,824
Receivables		2,954,938
Inventories		886,000
Other		1,368,000
<b>Total current assets</b>		<b>13,299,762</b>
Prop, plant & Equip		16,358,000
Intangible assets		12,387,835
FITB		27,000
Other		1,800,000
<b>Total non current assets</b>		<b>30,572,835</b>
<b>Total Assets</b>		<b>43,872,597</b>
<b>Liabilities</b>		
Payables		7,225,000
Interest bearing liabilities		576,000
Deferred revenue		14,150
<b>Total current liabilities</b>		<b>7,815,150</b>
Interest bearing liabilities		739,000
Deferred tax liabilities		1,291,000
Deferred revenue		261,091
<b>Total non current liabilities</b>		<b>2,291,091</b>
<b>Total liabilities</b>		<b>10,106,241</b>
<b>Net Assets</b>		<b>33,766,356</b>
<b>Equity</b>		
Contributed equity		102,342,485
Reserves		5,263,205
Accumulated losses		(73,839,334)
<b>Equity</b>		<b>33,766,356</b>

#### Notes

1) Cash, issued capital and the accumulated loss position reflects a minimum capital raising by AOS of a maximum of \$5M pursuant to a prospectus through the issue of new shares at an issue price of \$0.20 each, less capital raising costs of approximately \$700,000.

2) On successful completion of the Merger, Greenday Corporate Pty Ltd (an entity associated with Evan Cross and Vlado Bosanac, both directors of AOS) (Greenday) will be paid a success fee equal to 3% of the transaction value of the Merger. Greenday has agreed that the fee may be paid 50% in AOS shares and 50% in cash. This transaction has been included as a pro forma transaction.

3) Costs of the merger process of approximately \$250,000.