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**Broad Investments Limited**  
**ABN: 91 087 813 090**

**PRELIMINARY FINAL REPORT**  
**Year Ended 30 June 2010**

**Appendix 4E**

**(Previous corresponding period: Year Ended 30 June 2009)**



**BROAD INVESTMENTS LIMITED  
& CONTROLLED ENTITIES**

**Results for Announcement to the Market  
for the year ended 30 June 2010**

Name of entity

BROAD INVESTMENTS LIMITED

ACN

087 813 090

\$A'000

Revenues from ordinary activities	Down	32%	to	4,633
Profit /(loss) from ordinary activities after tax attributable to members	Down	95%	to	(252)
Net profit/(loss) for the period attributable to members	Down	95%	to	(252)

<b>Dividends</b>	Amount per security	Franked amount per security
Final dividend	Nil ¢	Nil ¢
Previous corresponding period	Nil ¢	Nil ¢

<b>NTA Backing</b>	Current Year	Previous Year
Net tangible asset-backing per ordinary share (cents)	0.11	0.07

<p>Record date for determining entitlements to the dividend:</p> <p>The annual meeting will be held as follows:</p> <p>Place</p> <p>Date</p> <p>Time</p> <p>Approximate date the annual report will be available</p>				
		Not Applicable		
		To be advised		
		To be advised		
		To be advised		

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**BROAD INVESTMENTS LIMITED  
& CONTROLLED ENTITIES**

**COMMENTARY ON 2010 RESULTS**

The loss of the consolidated entity for the year ended 30 June 2010, after providing for income tax amounted to \$252,258 (2009: \$5,600,804).

The principal activity of the Group was a provisioning services business, servicing the communications and ICT market via its subsidiary Mirrus Pty Limited.

The Group also has an investment in a junior mining and exploration company, Pangaea Metals Limited ("Pangaea"), with the preferred intention of spinning-off Pangaea into a separate ASX listed entity and making an in-specie distribution of its shares to the Company's shareholders in due course. As an alternative, the Board has been considering the sale of Pangaea into an existing ASX listed mining company for shares, with the current intention of distributing such shares to shareholders or simply selling the exploration tenements for cash or other consideration.

**Compliance statement**

- 1 This report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.
- 2 This report and the financial statements upon which the report is based use the same accounting policies.
- 3 This report gives a true and fair view of the matters disclosed
- 4 This report is based on the financial statements which are in the process of being audited.



Date: 31 August 2010

Vaz Hovanesian  
(Chairman)

**BROAD INVESTMENTS LIMITED  
& CONTROLLED ENTITIES**

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**BROAD INVESTMENTS LIMITED  
& CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

The directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Broad Investments Limited and the entities it controlled at the end of or during the year ended 30 June 2010.

**PRINCIPAL ACTIVITIES**

The principal activity of the Group was a provisioning services business, servicing the communications and ICT market via its subsidiary Mirrus Pty Limited.

The Group also has an investment in a junior mining and exploration company, Pangaea Metals Limited ("Pangaea"), with the preferred intention of spinning-off Pangaea into a separate ASX listed entity and making an in-specie distribution of its shares to the Company's shareholders in due course. As an alternative, the Board has been considering the sale of Pangaea into an existing ASX listed mining company for shares, with the intention of distributing such shares to shareholders.

**REVIEW AND RESULTS OF OPERATIONS**

Revenue from ordinary activities decreased by 32% on the previous financial year to \$4,632,886 (2009: \$6,773,764). The decrease was attributable to the Groups provisioning services business ceasing its sales of stock in November 2009 and concentrating only on sales of services.

The consolidated net loss before income tax for the financial year decreased substantially to \$252,258 (2009: net loss of \$5,600,804). The decrease in the loss was largely due to the reduction in non-cash items and included a reduction in impairment expense by \$3,781,982 relative to 2009, and a reduction of share trading losses by \$860,689 relative to 2009. Also there was an improvement in general and administrative expenses which reduced by \$338,312 and a one-time write back of \$169,021 of expenses allowed for in prior years.

The net cash inflow from operating activities for the year ended 30 June 2010 was \$353,785 (2009 net cash outflow \$99,196). Contributing to this was the sale in November 2009 by the Company's subsidiary, Mirrus Pty Ltd, of all its stock due to a new arrangement with its major customer.

**BROAD INVESTMENTS LIMITED  
& CONTROLLED ENTITIES**

**DIRECTORS' REPORT (cont.)**

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

**(i) Acquisitions**

During the financial year no acquisitions were made.

**(ii) Disposals**

During the financial year no disposals were made.

**(iii) Changes to Capital**

Up to the end of 30 June 2010 share issues were made as detailed below.

Ordinary shares	2010		2009	
	No.	\$	No.	\$
<b>Issue of Shares in 2009:</b>				
10:1 Share consolidation	-	-	(2,864,544,109)	-
Shares issued in lieu of repayment of debt	-	-	177,500,000	710,000
Share placement fees	-	-	-	(6,498)
<b>Issue of Shares in 2010:</b>				
Shares issued in lieu of repayment of debt	56,745,126	198,607	-	-
Share placement fees	-	(1,919)	-	-
<b>Total number of Shares issued</b>	<b>56,745,126</b>	<b>196,688</b>	<b>(2,687,044,109)</b>	<b>703,502</b>

**DIVIDENDS**

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year. (30 June 2009: Nil).

**SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE**

No material events have occurred subsequent to balance date.

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this preliminary final report because the directors believe it would be likely to result in unreasonable prejudices to the Group.

**ENVIRONMENTAL REGULATION PERFORMANCE**

There are no significant environmental regulations which apply to the Group.

**BROAD INVESTMENTS LIMITED  
& CONTROLLED ENTITIES**

**DIRECTORS' REPORT (cont.)**

**INFORMATION ON DIRECTORS**

The following persons were directors of Broad Investments Limited during the financial year and up to the date of this report:

*Executive Chairman*

Mr Vaz Hovanessian

*Non-executive Directors*

Mr Neil Gibson

Mr Johannes Scholtz

The qualifications, experience and special responsibilities of each of the directors currently in office are as follows:

Name and qualifications	Age	Experience and special responsibilities
Vaz Hovanessian B.Bus., M.App.Fin, CPA, FCSA.	55	<p>Executive Chairman, Company Secretary, Chief Executive and Chief Financial Officer. Member of the Audit committee. Over 28 years' experience in corporate and financial services and/or public company directorships.</p> <p>A successful businessman, with extensive interests in property and tourism. Appointed on 30 December 2003.</p> <p><i>Other current directorships</i></p> <p>Executive Chairman of Strathfield Group Limited (appointed 12 December 2008)</p> <p>Executive Chairman of E-com Multi Limited (appointed 25 September 1996)</p> <p><i>Former Directorships in the last 3 years</i></p> <p>Non-executive Director of FairStar Resources Limited (appointed 15 March 2008; resigned 18 January 2010).</p>
Neil Gibson	68	<p>Non-executive Director. Mr. Gibson is an accountant with varied experience in business including company secretarial, stock broking, rural properties and hotels and 15 years in communications services business in Queensland, Northern Territory and country New South Wales. Appointed 22 September 2006.</p>
Johannes Scholtz B. Commerce	46	<p>Non-executive Director and Chairman of the Audit Committee. Has over 15 years experience in senior level management in Australia, New Zealand &amp; South Africa, in the manufacturing and steel industries, including Corporate finance roles and turnarounds of small companies. Appointed on 30 May 2005.</p>

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**BROAD INVESTMENTS LIMITED**  
**& CONTROLLED ENTITIES**

**DIRECTORS' REPORT (cont.)**

**COMPANY SECRETARY**

The company secretary is Mr Vaz Hovanessian. Mr Hovanessian was appointed to the position of company secretary in 2003. Before joining Broad Investments Limited he held similar positions with another listed public companies.

**MEETINGS OF DIRECTORS**

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2010, and the numbers of meetings attended by each director were:

	Board of Directors		Audit Committee	
	Meetings Eligible To Attend	Meetings Attended	Meetings Eligible To Attend	Meetings Attended
Vaz Hovanessian	10	10	2	2
Neil Gibson	10	10	-	-
Johannes Scholtz	10	10	2	2

**REMUNERATION REPORT**

**(a) Remuneration policy**

The Board is responsible for determining and reviewing compensation arrangements for the directors. The Board assesses the appropriateness of the nature and amount of emoluments of directors on a periodic basis by reference to relevant market conditions with the overall objective of ensuring maximum stakeholder benefit within the confines of the resources of the Company.

The Board has agreed that executive directors should receive remuneration commensurate with their endeavours in maintaining the company and to act as an incentive to maximise shareholder returns. The remuneration of non-executive directors is governed by the constitution of the Company. Some non-executive directors of the Company have agreed for payment of their fees to be made by the issue of shares, subject to shareholder approval.

**(b) Directors' & executive's remuneration**

*Directors' fees*

The current base remuneration was last reviewed with effect from 1 April 2007. Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders.

The following fees have applied:

	From 1 April 2007	From 1 April 2006 to 31 March 2007
<b>Base Fees</b>		
Executive Chairman	240,000	180,000
Non-executive directors	80,000	20,000





**BROAD INVESTMENTS LIMITED  
& CONTROLLED ENTITIES**

**DIRECTORS' REPORT (cont.)**

**(b) Directors' & executive's remuneration (cont.)**

2009	Short-term employee benefits			TOTAL
	Cash salary and fees	Share based payments	Super-annuation	
<b>Executive Director</b>				
<b>Current</b>				
Vaz Hovanesian	240,000	-	-	240,000
<b>Non-Executive Directors</b>				
<b>Current</b>				
Johannes Scholtz	20,000	-	-	20,000
Neil Gibson	20,000	-	-	20,000
<b>Former</b>				
Robin Armstrong	-	-	-	-
<b>Total paid to Directors</b>	<b>280,000</b>	<b>-</b>	<b>-</b>	<b>280,000</b>
<b>Executives</b>				
<b>Current</b>				
Michael Saliba	136,500	-	13,500	150,000
<b>Former</b>				
Zac Karlaftis	76,500	-	-	76,500
<b>Total paid to Executives</b>	<b>213,000</b>	<b>-</b>	<b>13,500</b>	<b>226,500</b>
<b>Total paid</b>	<b>493,000</b>	<b>-</b>	<b>13,500</b>	<b>506,500</b>

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

**Executive Directors:** All Directors have only a fixed component to their salary and fees.

**Other Key Management Personnel:**

Name	Fixed remuneration		At risk - STI	
	2010	2009	2010	2009
<b>Current</b>				
Michael Saliba	93.75%	100%	6.25%	-
<b>Former</b>				
Zac Karlaftis	-	100%	-	-

**BROAD INVESTMENTS LIMITED  
& CONTROLLED ENTITIES**

**DIRECTORS' REPORT (cont.)**

**REMUNERATION REPORT (cont.)**

**(c) Service agreements**

As at the date of this report the Company has no service agreement with any director.

The current key management personnel have a formalised service agreement which is detailed below:

Michael Saliba, *General Manager – Mirrus Managed Services*

- Term of agreement – on-going commencing 1<sup>st</sup> July 2008
- Base salary, inclusive of superannuation, of \$150,000. Subject to meeting overall performance targets of customer satisfaction, profit contribution, operational improvements and sales targets an annual bonus of up to \$30,000 is eligible payable in shares in Broad Investments Limited. An additional bonus (capped at \$120,000) is eligible if performance targets are exceeded. A bonus of \$10,000 was payable for performance during 2009/2010.
- The agreement may be terminated by either party with one month's notice, plus two weeks for each full year of employment beyond two years, other than for misconduct, in which case it may be immediate.

**(d) Directors' Interests**

Directors are not required under the Company's constitution to hold any shares.

As at the date of this report, the Directors have the following interests in shares and options issued:

	Shares		Options	
	Direct	Indirect	Direct	Indirect
Neil Gibson	500,000	Nil	Nil	Nil
Vaz Hovanesian	Nil	2,469,752	Nil	Nil
Johan Scholtz	800,000	Nil	Nil	Nil

The indirect interest of Mr Hovanesian is held through an associated company, Raxigi Pty Limited.

**BROAD INVESTMENTS LIMITED  
& CONTROLLED ENTITIES**

**DIRECTORS' REPORT (cont.)**

**SHARES UNDER OPTION**

Unissued ordinary shares of Broad Investments Limited under option at the date of this report are as follows:

<b>Date options granted</b>	<b>Expiry date</b>	<b>Issue price of shares</b>	<b>Number under option</b>
26 February 2010	26 February 2013	\$0.004	28,372,563

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

No shares were issued on the exercise of options during the year ended 30 June 2010.

**INSURANCE OF OFFICERS**

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor, except as allowed under the constitution of the Company. There is no D&O policy in place for Directors & Officers.

**PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

**BROAD INVESTMENTS LIMITED  
& CONTROLLED ENTITIES**

**DIRECTORS' REPORT (cont.)**

**NON-AUDIT SERVICES**

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

However, for the financial year ended at 30 June 2010 there were no amounts paid or payable to the auditor (WHK Horwath Sydney) for non-audit services.

Amounts paid or payable to the auditor for audit services provided during the year are set out below.

	<b>Consolidated</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
WHK Horwath Australian firm:		
- Audit and review of financial reports	84,289	98,000
<b>TOTAL REMUNERATION FOR AUDIT SERVICES</b>	<b>84,289</b>	<b>98,000</b>

**AUDITOR'S INDEPENDENCE DECLARATION**

This financial report is subject of an audit. A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 will be included in the final audited financial accounts to be released in due course.

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

Vaz Hovanesian  
Chairman

Sydney  
31 August 2010

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**BROAD INVESTMENTS LIMITED**  
**& CONTROLLED ENTITIES**

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

	Note	Consolidated		Company	
		2010	2009	2010	2009
		\$	\$	\$	\$
Sales revenue	3	4,574,868	6,763,502	-	-
Other revenue	3	58,018	10,262	538,695	446,030
<b>Total revenue from continuing operations</b>	<b>3</b>	<b>4,632,886</b>	<b>6,773,764</b>	<b>538,695</b>	<b>446,030</b>
Less:					
Cost of sales	4	(3,165,078)	(5,165,185)	-	-
<b>Gross profit</b>		<b>1,467,808</b>	<b>1,608,579</b>	<b>538,695</b>	<b>446,030</b>
Employee benefits expense		(442,725)	(475,704)	-	-
General & administrative expenses		(1,040,995)	(1,379,307)	(476,540)	(729,304)
Finance costs	4	(25,957)	(2,526)	(25,956)	(2,363)
Depreciation & amortisation expenses	4	(268,704)	(336,207)	(21,760)	(22,576)
Net bad and doubtful debts	4	-	(119,000)	-	(119,000)
Net realised loss on short-term investments	4	-	(860,689)	-	(860,689)
Impairment of current assets	4	-	(1,603,454)	-	(1,603,454)
Impairment of non-current assets	4	(56,450)	(2,234,978)	-	(1,271,213)
Loss on disposal of non-current assets	4	(5,347)	(10,437)	(5,097)	-
Impairment of subsidiary loan	4	-	-	(729,624)	(376,841)
Expenses previously expensed written back	4	169,021	-	169,021	-
<b>Total expenses from ordinary activities</b>		<b>(1,671,157)</b>	<b>(7,022,302)</b>	<b>(1,089,956)</b>	<b>(4,985,440)</b>
<b>Profit / (loss) before income tax expense</b>		<b>(203,349)</b>	<b>(5,413,723)</b>	<b>(551,261)</b>	<b>(4,539,410)</b>
Income tax expense	6	-	-	-	-
<b>Profit / (loss) from continuing operations</b>		<b>(203,349)</b>	<b>(5,413,723)</b>	<b>(551,261)</b>	<b>(4,539,410)</b>
Profit / (loss) from discontinued operations	21	(48,909)	(187,081)	-	1
<b>Net profit / (loss) for the period</b>	<b>20</b>	<b>(252,258)</b>	<b>(5,600,804)</b>	<b>(551,261)</b>	<b>(4,539,409)</b>
<b>Other comprehensive income</b>					
Net change in fair value of available for sale financial assets		106,310	-	106,310	-
<b>Total comprehensive income / (loss) for the period</b>		<b>(145,948)</b>	<b>-</b>	<b>(444,951)</b>	<b>-</b>
<b>Profit / (loss) attributable to:</b>					
<b>Members of the parent entity</b>	<b>20</b>	<b>(252,258)</b>	<b>(5,600,804)</b>	<b>(551,261)</b>	<b>(4,539,409)</b>
<b>Total comprehensive income / (loss) attributable to:</b>					
<b>Members of the parent entity</b>	<b>20</b>	<b>(145,948)</b>	<b>(5,600,804)</b>	<b>(444,951)</b>	<b>(4,539,409)</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the company</b>					
Basic loss per share (cents)	7	(0.05)	(1.48)		
Diluted loss per share (cents)	7	(0.05)	(2.06)		

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

**BROAD INVESTMENTS LIMITED**  
**& CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2010**

	Note	Consolidated		Company	
		2010 \$	2009 \$	2010 \$	2009 \$
<b>Current assets</b>					
Cash and cash equivalents	9	328,276	532,285	316,910	519,390
Trade and other receivables	10	803,773	694,518	299,447	33,621
Inventories	11	-	876,692	-	-
Financial assets at fair value through profit or loss	12	4,480	1,512	4,480	1,512
Financial assets available for sale	13(a)	413,244	107,934	413,244	107,934
<b>Total current assets</b>		<b>1,549,773</b>	<b>2,212,941</b>	<b>1,034,081</b>	<b>662,457</b>
<b>Non-current assets</b>					
Trade and other receivables	10	2,600	2,970	791,278	2,169,792
Investments accounted for using the equity method	13(b)	-	-	50,000	50,000
Plant and equipment	14	149,984	213,156	20,197	42,368
Intangible assets	15	1,125,000	1,325,000	-	-
<b>Total non-current assets</b>		<b>1,277,584</b>	<b>1,541,126</b>	<b>861,475</b>	<b>2,262,160</b>
<b>Total assets</b>		<b>2,827,357</b>	<b>3,754,067</b>	<b>1,895,556</b>	<b>2,924,617</b>
<b>Current liabilities</b>					
Trade and other payables	16	1,057,941	1,988,234	104,064	829,318
Borrowings	17	-	55,544	-	55,544
Provisions	18	26,865	18,478	-	-
<b>Total current liabilities</b>		<b>1,084,806</b>	<b>2,062,256</b>	<b>104,064</b>	<b>884,862</b>
<b>Total liabilities</b>		<b>1,084,806</b>	<b>2,062,256</b>	<b>104,064</b>	<b>884,862</b>
<b>Net assets</b>		<b>1,742,551</b>	<b>1,691,811</b>	<b>1,791,492</b>	<b>2,039,755</b>
<b>Equity</b>					
Contributed equity	19	23,137,430	22,940,742	23,139,175	22,942,487
Financial asset revaluation reserve	20(a)	1,252,310	1,146,000	1,252,310	1,146,000
Accumulated losses	20(b)	(22,647,189)	(22,394,931)	(22,599,993)	(22,048,732)
<b>Total equity</b>		<b>1,742,551</b>	<b>1,691,811</b>	<b>1,791,492</b>	<b>2,039,755</b>

The statement of financial position is to be read in conjunction with the notes to the financial statements.

**BROAD INVESTMENTS LIMITED  
& CONTROLLED ENTITIES**

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

<b>Consolidated</b>	<b>Note</b>	<b>Share capital - Ordinary</b>	<b>Reserves</b>	<b>Accumulated losses</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1-7-2008</b>		22,237,240	(383,579)	(16,794,127)	5,059,534
Contributions of equity net of transaction costs	19	703,502	-	-	703,502
Part reversal of prior year Impairment of financial assets available-for-sale	20 (a)	-	1,529,579	-	1,529,579
Loss attributable to members of parent entity	20 (b)	-	-	(5,600,804)	(5,600,804)
<b>Balance at 30-6-2009</b>		<b>22,940,742</b>	<b>1,146,000</b>	<b>(22,394,931)</b>	<b>1,691,811</b>
<b>Balance at 1-7-2009</b>		<b>22,940,742</b>	<b>1,146,000</b>	<b>(22,394,931)</b>	<b>1,691,811</b>
Contributions of equity net of transaction costs	19	196,688	-	-	196,688
Total other comprehensive income	20 (a)	-	106,310	-	106,310
Loss attributable to members of parent entity	20 (b)	-	-	(252,258)	(252,258)
<b>Balance at 30-6-2010</b>		<b>23,137,430</b>	<b>1,252,310</b>	<b>(22,647,189)</b>	<b>1,742,551</b>



**BROAD INVESTMENTS LIMITED  
& CONTROLLED ENTITIES**

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

Parent entity	Note	Share capital - Ordinary \$	Reserves \$	Accumulated losses \$	Total \$
<b>Balance at 1-7-2008</b>		22,238,985	(383,579)	(17,509,323)	4,346,083
Contributions of equity net of transaction costs	19	703,502	-	-	703,502
Part reversal of prior year Impairment of financial assets available-for-sale	20 (a)	-	1,529,579	-	1,529,579
Loss attributable to members of parent entity	20 (b)	-	-	(4,539,409)	(4,539,409)
<b>Balance at 30-6-2009</b>		<b>22,942,487</b>	<b>1,146,000</b>	<b>(22,048,732)</b>	<b>2,039,755</b>
<b>Balance at 1-7-2009</b>		<b>22,942,487</b>	<b>1,146,000</b>	<b>(22,048,732)</b>	<b>2,039,755</b>
Contributions of equity net of transaction costs	19	196,688	-	-	196,688
Total other comprehensive income	20 (a)	-	106,310	-	106,310
Loss attributable to members of parent entity	20 (b)	-	-	(551,261)	(551,261)
<b>Balance at 30-6-2010</b>		<b>23,139,175</b>	<b>1,252,310</b>	<b>(22,599,993)</b>	<b>1,791,492</b>

The Statement of changes in equity is to be read in conjunction with the notes to the financial statements.

**BROAD INVESTMENTS LIMITED**  
**& CONTROLLED ENTITIES**

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

	Note	Consolidated		Company	
		2010 \$	2009 \$	2010 \$	2009 \$
<b>Cash flows from operating activities</b>					
Receipts from customers		4,779,824	6,848,164	483,075	437,990
Payments to suppliers and employees		(4,452,937)	(6,955,097)	(866,498)	(653,517)
Interest received		52,855	10,263	52,652	5,500
Interest paid		(25,957)	(2,526)	(25,956)	(2,363)
<b>Net cash provided by / (used in) operating activities</b>	<b>23(b)</b>	<b>353,785</b>	<b>(99,196)</b>	<b>(356,727)</b>	<b>(212,390)</b>
<b>Cash flows from investing activities</b>					
Acquisition of subsidiary, net of cash		-	(975,000)	-	(950,000)
Payment for equity investments		(199,000)	(341,843)	(199,000)	(341,843)
Payment for physical non-current assets		(11,387)	(54,063)	(4,686)	(14,497)
Payment for other non-current assets		-	-	-	-
Proceeds from disposal of equity investments		-	871,248	-	871,248
Loans to other entities		(584,000)	(158,110)	(696,183)	(534,951)
Loans repaid by other entities		334,650	158,110	1,113,168	1,331,224
Exploration Expenditure		(39,005)	(72,246)	-	-
<b>Net cash provided by / (used in) investing activities</b>		<b>(498,742)</b>	<b>(571,904)</b>	<b>213,299</b>	<b>361,181</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of equity securities		-	-	-	-
Capital raising costs		(1,919)	(6,498)	(1,919)	(6,498)
Proceeds from borrowings		230,000	758,000	230,000	758,000
Repayment of borrowings		(287,133)	(907,821)	(287,133)	(907,821)
<b>Net cash provided by / (used in) financing activities</b>		<b>(59,052)</b>	<b>(156,319)</b>	<b>(59,052)</b>	<b>(156,319)</b>
<b>Net increase / (decrease) in cash held</b>		<b>(204,009)</b>	<b>(827,419)</b>	<b>(202,480)</b>	<b>(7,528)</b>
<b>Cash at beginning of financial year</b>		<b>532,285</b>	<b>1,359,704</b>	<b>519,390</b>	<b>526,918</b>
<b>Cash at end of financial year</b>	<b>23(a)</b>	<b>328,276</b>	<b>532,285</b>	<b>316,910</b>	<b>519,390</b>

The Statement of cash flows is to be read in conjunction with the notes to the financial statements.

**BROAD INVESTMENTS LIMITED**  
**& CONTROLLED ENTITIES**

**CONTENTS TO THE NOTES OF THE FINANCIAL STATEMENTS**

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**BROAD INVESTMENTS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report includes the consolidated financial statements and notes of Broad Investments Limited and controlled entities ('consolidated group' or 'Group'), and the separate financial statements and notes of Broad Investments Limited as an individual parent entity ('Parent Entity'). Broad Investments Limited is a company domiciled in Australia.

**Basis of preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (AASBs), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group 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. 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 and 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.

**Going concern**

Despite the current period loss, the directors believe that the going concern basis is appropriate for the preparation and presentation of the financial statements as the Group has sufficient cash or access to cash to continue to operate for the foreseeable future and expects to deliver profits in the future. Further, the Company is confident of being able to raise additional funds through any one or a combination of share placement, rights issue or debt facility for acquisitions which would enhance profitability and cash flow.

**BROAD INVESTMENTS LIMITED  
& CONTROLLED ENTITIES**

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

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**Going concern (cont.)**

The Directors and senior management have prepared a forecast for the foreseeable future reflecting the abovementioned expectations and their effect on the Group. The achievement of the forecast is largely dependent upon the following matters, the outcomes of which are uncertain:

- The ability of the Group to achieve a reasonable return from investing its available cash and for its Mirrus division to meet their projected sales and the ability of Directors to continue to identify and secure new and complementary value adding products and services to market to our client base via the resellers/channel partner network, to ensure future growth; and
- Whilst there is sufficient cash to meet all of the needs of the Group over the foreseeable future, it is possible that any new acquisitions may require additional cash and therefore dependent on the ability of the Company to raise equity funds via share placements or rights issues to fund such acquisition to grow the Company.

In the event that the outcomes of the abovementioned matters are unfavourable, the Directors believe that they have sufficient cash to for the Company to continue to meet its debts as and when they become due and payable.

In the unlikely event most or every matter referred to above results in a negative outcome, then the going concern basis may not be appropriate with the result that the Group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and in amounts different from those stated in the Financial Report. No allowance for such circumstances has been made in the Financial Report.

**Significant Accounting Policies**

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

**(a) Principles of Consolidation**

A controlled entity is any entity over which Broad Investments Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 25 to the financial statements.

**BROAD INVESTMENTS LIMITED  
& CONTROLLED ENTITIES**

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

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**(a) Principles of Consolidation (cont.)**

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

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

**(b) Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

**(c) Foreign Currency Transactions and Balances**

Functional and Presentation Currency

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

Transaction and Balances

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

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

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

**(d) Revenue and other income**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

**BROAD INVESTMENTS LIMITED  
& CONTROLLED ENTITIES**

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

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**(d) Revenue and other income (cont.)**

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

Sale of Goods

The group distributes routers in the telecommunication market. Revenue from the sale of goods is recognised (net of returns, discounts and allowances) in the accounting period when control of the goods passes to the customer.

Managed Services

Revenue from services is recognised in the accounting period in which the services are rendered.

Asset sales

The gain arising on sales of non-current assets are included as revenue from the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Interest revenue

Interest income is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

**(e) Income Taxes**

The income tax expense (revenue) for the year comprises current income tax expense (income) 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 date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Current and deferred income tax expense (income) 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.

**BROAD INVESTMENTS LIMITED**  
**& CONTROLLED ENTITIES**

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

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**(e) Income Taxes (cont.)**

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. 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.

**(f) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the 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 cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(g) Business combinations**

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.



**BROAD INVESTMENTS LIMITED  
& CONTROLLED ENTITIES**

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

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**(g) Business combinations (cont.)**

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in the statement of comprehensive income.

**(h) Impairment of assets**

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

Impairment testing is performed annually or more frequently if events or changes in circumstances indicate that they might be impaired, for goodwill and intangible assets with indefinite lives.

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

**(i) 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 maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**(j) Trade receivables**

Trade receivables are recognised at fair value. Trade receivables are generally due for settlement within 30 days.

**BROAD INVESTMENTS LIMITED**  
**& CONTROLLED ENTITIES**

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

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**(j) Trade receivables (cont.)**

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of future cash flows.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

**(k) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

**(l) Plant and equipment**

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

Owned assets

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

**BROAD INVESTMENTS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**(l) Plant and equipment (cont.)**

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

	<u>2010</u>	<u>2009</u>
Furniture and fittings	7.5%	7.5%
Office equipment	15%	15%
Computer equipment	25%	25%

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

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

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

**(m) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, 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.

**BROAD INVESTMENTS LIMITED**  
**& CONTROLLED ENTITIES**

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

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**(n) Intangible assets**

Goodwill

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

Customer contracts

Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which are currently 5 years.

**(o) Exploration expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. A provision is also raised when the required expenditure has not been met or substantive expenditure in future exploration is neither budgeted nor planned.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

**BROAD INVESTMENTS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**(o) Exploration expenditure (cont.)**

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

**(p) Trade and other payables**

Liabilities are recognised for amounts to be paid in the future for goods and services received prior to the end of the financial period. Trade accounts payable are normally settled within 60 days.

**(q) Borrowing costs**

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

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

**(r) Share based payment transactions**

The fair value of equity instruments granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date.

**(s) Earnings per share**

Basic earnings per share (EPS) is calculated by dividing the net profit/(loss) attributable to members of the Company, excluding any costs of servicing equity (other than ordinary shares and converting notes classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company outstanding during the financial period.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares.

**(t) 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.

**(u) Provisions**

Provisions are recognised when the Group 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.

**BROAD INVESTMENTS LIMITED**  
**& CONTROLLED ENTITIES**

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

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**(v) Financial instruments**

Recognition and initial 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 (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial 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:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- 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
- 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.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

**BROAD INVESTMENTS LIMITED  
& CONTROLLED ENTITIES**

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

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**(v) Financial instruments (cont.)**

Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are 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. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

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.

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 Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

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

Impairment

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

**BROAD INVESTMENTS LIMITED**  
**& CONTROLLED ENTITIES**

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

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**(v) Financial instruments (cont.)**

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity 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 expired. 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 or liabilities assumed, is recognised in profit or loss.

**(w) Interest Bearing Liabilities**

Loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

**(x) Contributed Equity**

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

**(y) Comparative figures**

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(z) Discontinued operations**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view of resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

**(aa) Adoption of new and revised accounting standards**

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



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**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**(aa) Adoption of new and revised accounting standards (cont.)**

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Broad Investments Limited.

**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 Group'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 Group'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.

The group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

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**2 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

**Key Estimates**

Impairment

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. These calculations require the use of assumptions. Refer to Note 15 for detailed assumptions.

Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

The Group has not recognised deferred tax assets relating to carried forward tax losses as the group has not met the probability test that losses would be utilised in the near future.

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**3 – REVENUE**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>From continuing operations</b>				
Sales revenue	4,574,868	6,763,502	-	-
<b>Other Revenue</b>				
Interest revenue	52,855	10,262	52,652	5,500
Other revenue	5,163	-	486,043	440,530
	58,018	10,262	538,695	446,030
<b>Total revenue from continuing operations</b>	<b>4,632,886</b>	<b>6,773,764</b>	<b>538,695</b>	<b>446,030</b>
<b>From discontinued operations</b>				
Sales revenue	-	45,072	-	-
<b>Other Revenue</b>				
Interest revenue	-	1	-	-
Other income	-	1	-	1
<b>Total revenue from discontinued operations</b>	<b>-</b>	<b>45,074</b>	<b>-</b>	<b>1</b>
<b>TOTAL REVENUE</b>	<b>4,632,886</b>	<b>6,818,838</b>	<b>538,695</b>	<b>446,031</b>

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**4 – EXPENSES**

Profit / (loss) before income tax includes the following items of expense:

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>From continuing operations</b>				
<b>Expenses:</b>				
Cost of sales	3,165,078	5,165,185	-	-
Finance costs				
Interest expense	25,957	2,526	25,956	2,363
Depreciation of:				
Plant and equipment	68,704	136,207	21,760	22,576
Amortisation of:				
Intangible non-current assets	200,000	200,000	-	-
Bad and doubtful debts:				
Other debtors	-	119,000	-	119,000
Non recovery of subsidiary loans	-	-	729,624	376,841
Impairment of assets:				
Current				
Financial assets	-	3,360	-	3,360
Investments	-	1,600,094	-	1,600,094
	-	1,603,454	-	1,603,454
Non-current				
Investments	-	-	-	1,271,213
Goodwill	-	1,271,213	-	-
Exploration expenditure	56,450	963,765	-	-
	56,450	2,234,978	-	1,271,213
Loss from sale of available for sale financial assets:				
Current				
Short-term investments	-	860,689	-	860,689
Loss on disposal of non-current assets	5,347	10,437	5,097	-
Expenses previously expensed written back	(169,021)	-	(169,021)	-
<b>From discontinued operations</b>				
<b>Expenses:</b>				
Cost of sales	-	15,962	-	-
Depreciation of:				
Plant and equipment	508	2,047	-	-
Bad and doubtful debts:				
Trade debtors	3,501	6,656	-	-

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**5 – AUDITORS’ REMUNERATION**

	Consolidated		Company	
	2010 \$	2009 \$	2010 \$	2009 \$
Remuneration of the auditor of the parent entity for:				
- Review of the half year financial statements	20,000	30,000	20,000	30,000
- Audit of the full year financial statements	55,000	78,000	50,000	78,000
- Audit of the previous year financial statements (i)	9,289	(10,000)	3,289	(10,000)
	84,289	98,000	73,289	98,000
Remuneration of the former auditor of the subsidiary Pangaea Metals Ltd for:				
- Audit of the previous years financial statements	-	10,000	-	-
<b>TOTAL AUDITORS’ REMUNERATION</b>	<b>84,289</b>	<b>108,000</b>	<b>73,289</b>	<b>98,000</b>

(i) Additional fees in excess of estimated cost of the audit of the 2009 & 2008 Financial Reports

**6 – INCOME TAX EXPENSE**

**The prima facie income tax benefit on pre-tax accounting profit (loss) reconciles to the income tax benefit in the financial statements as follows:**

Net profit / (loss) from ordinary activities	(252,258)	(5,600,804)	(551,261)	(4,539,409)
Income tax benefit calculated at 30% (2009: 30%) of operating profit / (loss)	(75,677)	(1,680,241)	(165,378)	(1,361,823)
<b>Permanent differences</b>				
Profit / (Loss) on sale of financial assets	-	258,207	-	258,207
Impairment of investments	-	481,036	-	862,400
Impairment of goodwill on acquisition	-	670,493	-	-
Amortisation of customer contract	60,000	60,000	-	-
Non recovery of subsidiary loan	-	-	218,887	113,052
Profit from Sale of subsidiary	-	(41,949)	-	-
Bad debts	1,050	37,697	-	35,700
Loss on disposal of fixed assets	1,604	3,131	1,529	-
Non-deductible expenses	44,045	1,047	126	1,018
Permanent differences in income tax	106,699	1,469,662	220,542	1,270,377
Income tax expense / (benefit) adjusted for permanent differences for operating profit / (loss) and discontinued operations (i)	31,022	(210,579)	55,164	(91,446)
Deferred tax assets not brought to account	(31,022)	210,579	(55,164)	91,446
Total income tax (benefit) / expense on operating loss calculated at 30% (2009: 30%)	-	-	-	-

(i) There was no income tax expense for discontinued operations

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**7 – EARNINGS PER SHARE**

The earnings and weighted average number of ordinary shares used in the calculations of basic earnings per share are as follows:

	<b>Consolidated</b>	
	<b>2010</b>	<b>2009</b>
	<b>Cents per</b>	<b>Cents per</b>
	<b>Share</b>	<b>Share</b>
<b>(a) Basic earnings per share</b>		
Loss from continuing operations attributable to the ordinary equity holders of the company	(203,349)	(5,413,723)
Profit / (loss) from discontinued operations	(48,909)	(187,081)
Loss attributable to the ordinary equity holders of the company	(252,258)	(5,600,804)
<b>(b) Diluted earnings per share</b>		
Loss from continuing operations attributable to the ordinary equity holders of the company	(203,349)	(5,413,723)
Profit / (loss) from discontinued operations	(48,909)	(187,081)
Loss attributable to the ordinary equity holders of the company	(252,258)	(5,600,804)
	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	515,060,703	377,611,674
Adjustments for calculation of diluted earnings per share	28,916,694	(106,363,636)
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	543,977,397	271,248,038
Basic earnings / (loss) per share (cents)	(0.05)	(1.48)
Diluted earnings / (loss) per share (cents)	(0.05)	(2.06)

**Issue of securities after reporting date**

No securities have been issued after 30 June 2010.

**8 – OPERATING SEGMENTS**

**Segment Information**

*Identification of reportable segments*

The Group 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 Group is managed primarily on the basis of product category and service offerings since the diversifications of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

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**8 – OPERATING SEGMENTS (Cont.)**

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- The products sold and/or services provided by the segment;
- The type or class of customer for the products or service;
- The distribution method; and
- External regulatory requirements.

**Types of services by segment**

*Managed services*

The managed services segment provides the provision of services and product to telecommunications and ICT companies. From October 2009 the provision of product was discontinued.

*Share trading & investments*

Trading and investing in ASX listed entities or up-coming floats.

*Exploration Mining*

Mining exploration through the 100% owned subsidiary Pangaea Metals Ltd.

*Corporate*

Segment that handles corporate and administration matters.

**Basis of accounting for purposes of reporting by operating segments**

*Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

*Inter-segment transactions*

Corporate charges are allocated to reporting segments based on an assessment of the overall proportion of work generated by that segment. The chief executive officer believes this is representative of likely head office expenditure that should be used in assessing segment performance and cost recoveries.

**Basis of accounting for purposes of reporting by operating segments (cont.)**

*Inter-segment transactions (cont.)*

Inter-segment loans payable and receivable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

All inter-segment transactions are eliminated on consolidation for the Group's financial statements.

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**8 – OPERATING SEGMENTS (Cont.)**

*Segment assets*

All segment assets are clearly identifiable on the basis of their nature and physical location.

*Segment liabilities*

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct provisions.

*Comparative information*

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

**Segment performance**

<b>30 June 2010</b>	<b>Managed Services</b>	<b>Share Trading &amp; Investments</b>	<b>Exploration Mining</b>	<b>Corporate</b>	<b>TOTAL</b>
	\$	\$	\$	\$	\$
<b>Revenue</b>					
External sales	4,574,868	-	-	-	4,574,868
Inter-segment sales	-	-	-	483,075	483,075
Interest revenue	202	-	-	52,653	52,855
Other operating revenue	2,195	2,968	-	-	5,163
<b>Total segment revenue</b>	<b>4,577,265</b>	<b>2,968</b>	<b>-</b>	<b>535,728</b>	<b>5,115,961</b>
<i>Reconciliation of segment revenue to group revenue</i>					
Inter-segment elimination					(483,075)
<b>Total group revenue</b>					<b>4,632,886</b>
<b>Segment net profit/(loss) before tax</b>	<b>(302,242)</b>	<b>2,968</b>	<b>(77,375)</b>	<b>(604,125)</b>	<b>(980,774)</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
Inter-segment elimination					728,516
<b>Net profit/(loss) before tax</b>					<b>(252,258)</b>



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**8 – OPERATING SEGMENTS (Cont.)**

**Segment performance (cont.)**

30 June 2009	Managed Services	Share Trading & Investments	Exploration Mining	Corporate	TOTAL
	\$	\$	\$	\$	\$
<b>Revenue</b>					
External sales	6,763,502	-	-	-	6,763,502
Inter-segment sales	-	-	-	440,530	440,530
Interest revenue	4,762	-	-	5,500	10,262
Other operating revenue	-	-	-	1	1
<b>Total segment revenue</b>	<b>6,768,264</b>	<b>-</b>	<b>-</b>	<b>446,031</b>	<b>7,214,295</b>
<i>Reconciliation of segment revenue to group revenue</i>					
Inter-segment elimination					(440,530)
Discontinued operations					45,073
<b>Total group revenue</b>					<b>6,818,838</b>
<b>Segment net profit/(loss) before tax</b>	<b>(242,548)</b>	<b>(2,583,143)</b>	<b>(2,279,330)</b>	<b>(545,989)</b>	<b>(5,651,010)</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
Discontinued operations					(326,912)
Inter-segment elimination					377,118
<b>Net profit/(loss) before tax</b>					<b>(5,600,804)</b>

**Segment assets**

As at 30 June 2010	Managed Services	Share Trading & Investments	Exploration Mining	Corporate	TOTAL
	\$	\$	\$	\$	\$
<b>Segment assets</b>	1,763,827	417,724	1,054	1,486,030	3,668,635
<i>Segment asset increases for the period</i>					
Acquisitions	6,702	199,000	-	4,687	210,389
<i>Reconciliation of segment assets to group assets</i>					
Inter-segment eliminations					(841,278)
<b>Total group assets</b>					<b>2,827,357</b>

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**8 – OPERATING SEGMENTS (Cont.)**

**Segment assets (cont.)**

<b>As at 30 June 2009</b>	<b>Managed Services</b>	<b>Share Trading &amp; Investments</b>	<b>Exploration Mining</b>	<b>Corporate</b>	<b>TOTAL</b>
	\$	\$	\$	\$	\$
<b>Segment assets</b>	3,047,457	109,446	2,725	2,814,231	5,973,859
<i>Segment asset increases for the period</i>					
Acquisitions	38,405	-	-	15,658	54,063
<i>Reconciliation of segment assets to group assets</i>					
Inter-segment eliminations					(2,219,792)
<b>Total group assets</b>					<b>3,754,067</b>

**Segment liabilities**

<b>As at 30 June 2010</b>	<b>Managed Services</b>	<b>Share Trading &amp; Investments</b>	<b>Exploration Mining</b>	<b>Corporate</b>	<b>TOTAL</b>
	\$	\$	\$	\$	\$
<b>Segment liabilities</b>	2,358,226	-	1,568,496	3,637,621	7,564,343
<i>Reconciliation of segment liabilities to group liabilities</i>					
Inter-segment eliminations					(6,479,537)
<b>Total group liabilities</b>					<b>1,084,806</b>

<b>As at 30 June 2009</b>	<b>Managed Services</b>	<b>Share Trading &amp; Investments</b>	<b>Exploration Mining</b>	<b>Corporate</b>	<b>TOTAL</b>
	\$	\$	\$	\$	\$
<b>Segment liabilities</b>	3,339,614	-	1,492,792	4,359,385	9,191,791
<i>Reconciliation of segment liabilities to group liabilities</i>					
Inter-segment eliminations					(7,129,535)
<b>Total group liabilities</b>					<b>2,062,256</b>

**(b) Geographical segments**

The consolidated entity operates primarily within Australia.

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**9 – CASH AND CASH EQUIVALENTS**

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Cash at bank	328,276	532,285	316,910	519,390

The group and the parent entity's exposure to interest rate risk is discussed in Note 24

**10 – TRADE AND OTHER RECEIVABLES**

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Current:</b>				
Trade Debtors	34,234	17,628	-	-
Less: Provision for impairment of receivables	(3,501)	-	-	-
	30,733	17,628	-	-
GST	13,199	-	8,989	12,021
Other debtors				
Related parties	-	20,555	-	20,555
Other	288,406	200	288,406	200
Less: Provision for impairment of receivables	-	-	-	-
	301,605	20,755	297,395	32,776
Prepayments	46,545	13,183	-	-
Accrued revenue	424,890	642,952	2,052	845
	<b>803,773</b>	<b>694,518</b>	<b>299,447</b>	<b>33,621</b>
<b>Non-current:</b>				
Deposit	2,600	2,970	-	-
Loans to controlled entities	-	-	6,479,537	7,129,535
Less: Allowance for non-recovery of subsidiary loans	-	-	(5,688,259)	(4,959,743)
	<b>2,600</b>	<b>2,970</b>	<b>791,278</b>	<b>2,169,792</b>

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**10 – TRADE AND OTHER RECEIVABLES (cont.)**

**(a) Impaired trade receivables**

As at 30 June 2010 no current receivables of the Group were impaired (2009 - Nil).

Movements in the provision for impairment of current receivables are as follows:

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Balance as at 1 July	-	-	-	-
Provision for impairment recognised during the year	(3,501)	-	-	-
Receivables written off during the year as uncollectible	-	-	-	-
Unused amount reversed	-	-	-	-
	<b>(3,501)</b>	-	-	-

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

**(b) Past due but not impaired**

As of 30 June 2010, trade receivables of \$15,301 (2009 - \$15,415) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of the current trade receivables is as follows:

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Current:</b>				
Up to 3 months	30,726	5,989	-	-
Over 3 months	7	11,639	-	-
	<b>30,733</b>	<b>17,628</b>	-	-

**(c) Other receivables**

These amounts generally arise from transactions outside the usual operating activities of the Group.

**(d) Foreign exchange and interest rate risk**

The Group has no receivables in foreign currencies. Interest rate risk in relation to receivables is provided in note 24.

**(e) Fair value and credit risk**

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 24 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

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**11 – INVENTORIES**

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Inventory on hand	-	876,692	-	-

In November 2009 the Company's subsidiary, Mirrus Pty Ltd, sold all of its stock due to a new arrangement with its major customer. Therefore there was no inventory on hand as at 30 June 2010.

**Inventory expense**

Inventories recognised as expense during the year ended 30 June 2010 amounted to \$1,461,646 (2009 - \$3,216,771).

**12 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
ASX listed equity securities	14,000	14,000	14,000	14,000
Write-down of stock	(9,520)	(12,488)	(9,520)	(12,488)
	<b>4,480</b>	<b>1,512</b>	<b>4,480</b>	<b>1,512</b>

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'impairment of current financial assets' in the statement of comprehensive income.

**Risk exposure**

Information about the Group's and the parent entity's exposure to credit risk, foreign exchange and price risk is provided in note 24.

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**13 – INVESTMENTS**

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Current:</b>				
<b>(a) Financial assets available for sale</b>				
Shares in quoted entities	1,367,028	1,168,028	1,367,028	1,168,028
Less: Allowance for diminution in value	(953,784)	(1,060,094)	(953,784)	(1,060,094)
	413,244	107,934	413,244	107,934
Shares in unquoted entities	540,000	540,000	540,000	540,000
Less: Allowance for diminution in value	(540,000)	(540,000)	(540,000)	(540,000)
	413,244	107,934	413,244	107,934
<b>(b) Investments accounted for using the equity method</b>				
Unquoted at cost	-	-	4,507,255	4,507,255
Less: Allowance for diminution in value	-	-	(4,457,255)	(4,457,255)
	-	-	50,000	50,000
	<b>413,244</b>	<b>107,934</b>	<b>463,244</b>	<b>157,934</b>

**(a) Unlisted securities**

Unlisted securities are traded in inactive markets. Their fair value is determined based on the present value of net cash inflows from expected future interest or dividends and subsequent disposal of the securities.

Included in unlisted securities in both the consolidated and parent entity financial statements are shares in XS Platinum Ltd that are carried at NIL value (2009 – NIL). It may be that these shares will have a value in the future, however, being currently unlisted and having no determinable value they are currently carried at NIL value.

**(b) Investments in related parties**

Refer to note 25 for a list of the Group's subsidiaries.

**(c) Impairment and risk exposure**

The maximum exposure to credit risk at the reporting date is the fair value classified as available-for-sale.

All available-for-sale financial assets are denominated in Australian currency. For an analysis of the sensitivity of available-for-sale financial assets to price and interest rate risk refer to note 24.

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**14 – PLANT AND EQUIPMENT**

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Plant &amp; equipment</b>				
At cost	335,965	408,714	93,335	104,286
Accumulated depreciation	(185,980)	(195,558)	(73,138)	(61,918)
<b>Total plant &amp; equipment at net written down value</b>	<b>149,985</b>	<b>213,156</b>	<b>20,197</b>	<b>42,368</b>
<b>Reconciliations</b>				
<b>Plant &amp; equipment</b>				
Carrying amount at beginning of year	213,156	307,784	42,368	50,447
Additions	11,389	54,063	4,687	14,497
Disposals	(5,348)	(10,437)	(5,098)	-
Depreciation	(69,212)	(138,254)	(21,760)	(22,576)
<b>Carrying amount at end of year</b>	<b>149,985</b>	<b>213,156</b>	<b>20,197</b>	<b>42,368</b>

**15 – INTANGIBLE ASSETS**

	2010	2009
	\$	\$
<b>Consolidated goodwill - indefinite</b>		
Cost	4,272,992	4,272,992
Accumulated impairment	(3,697,992)	(3,697,992)
	<b>575,000</b>	<b>575,000</b>
<b>Identifiable customer contract - finite</b>		
Cost	1,000,000	1,000,000
Accumulated amortisation	(450,000)	(250,000)
	<b>550,000</b>	<b>750,000</b>
<b>Capitalised exploration expenditure</b>		
Cost	1,020,215	963,765
Accumulated impairment	(1,020,215)	(963,765)
	-	-

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**15 – INTANGIBLE ASSETS (Cont.)**

Consolidated	Pangaea Metals Ltd	Mirrus Customer Contract	Mirrus Goodwill	TOTAL
	\$	\$	\$	\$
<b>30 June 2009</b>				
Opening net book amount	2,162,732	950,000	550,000	3,662,732
Additions – acquisition	-	-	25,000	25,000
Amortisation expense	-	(200,000)	-	(200,000)
Additions – exploration expenditure	72,246	-	-	72,246
Impairment charge	(2,234,978)	-	-	(2,234,978)
<b>Closing net book amount</b>	<b>-</b>	<b>750,000</b>	<b>575,000</b>	<b>1,325,000</b>
<b>30 June 2010</b>				
Opening net book amount	-	750,000	575,000	1,325,000
Additions – acquisition	-	-	-	-
Amortisation expense	-	(200,000)	-	(200,000)
Additions – exploration expenditure	56,450	-	-	56,450
Impairment charge	(56,450)	-	-	(56,450)
<b>Closing net book amount</b>	<b>-</b>	<b>550,000</b>	<b>575,000</b>	<b>1,125,000</b>

**(i) Impairment charge**

An impairment charge has been recognised against goodwill carried on certain assets as detailed below which has been disclosed in the statement of comprehensive income.

*Pangaea Metals Ltd*

Following the assessment of the fair value of the Company's exploration mining acquisition the Board reduced the value of goodwill in Pangaea Metals by \$2,234,978 to NIL as at 30 June 2009. The cash-generating unit is Pangaea Metals Ltd.

*Mirrus Pty Ltd*

Following the assessment of the fair value of the Company's managed services and provisioning acquisition the Board has retained the value of goodwill in Mirrus Managed Services at \$575,000 as at 30 June 2010. The retention in the value of goodwill is considered appropriate given Mirrus Managed Services is a profitable business and is likely to continue being profitable for some time. The cash-generating unit is Mirrus Pty Ltd.

**(ii) Amortisation charge**

*Mirrus Pty Ltd*

Amortisation is included in amortisation expenses in the statement of comprehensive income. The remaining amortisation period for customer contracts is 33 months.



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**15 – INTANGIBLE ASSETS (Cont.)**

**(iii) Impairment tests for goodwill**

Goodwill is allocated to the Group's cash-generating units identified according to business segments.

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a two-year period.

**(iv) Key assumptions used for value-in-use calculations**

*Pangaea Metals Ltd*

The reduction in the value of goodwill to NIL as at 30 June 2009 was considered appropriate given Pangaea Metals is a mining exploration company whose assets consist of exploration tenements that are unlikely to generate profit for some time.

*Mirrus Pty Ltd*

The recoverable amount was determined by cash flow projections which used the following assumptions:

- Net present value discount rate of 20%
- Terminal value of 4 times the projected net cash flow for 2015
- Forecast period of 5 years was used

These assumptions were deemed to be appropriate based on past experience.

**16 – TRADE AND OTHER PAYABLES**

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Current (unsecured):</b>				
Trade creditors	181,974	915,891	13,406	86,522
BAS statements payable	757,504	264,461	-	-
Sundry creditors and accrued expenses	118,463	807,882	90,658	742,796
	<b>1,057,941</b>	<b>1,988,234</b>	<b>104,064</b>	<b>829,318</b>

**17 – BORROWINGS**

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Current (unsecured):</b>				
Loan	-	35,000	-	35,000
Loan by related party	-	20,544	-	20,544
	-	<b>55,544</b>	-	<b>55,544</b>

The carrying amounts represent the fair values of borrowings at balance date. Details of the Groups exposure to risks arising from current borrowings are set out in note 24.

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**18 – PROVISIONS**

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Current</b>				
Annual leave	26,865	18,478	-	-

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Balance as at 1 July	18,478	8,666	-	-
Additions	8,207	9,812	-	-
	<b>26,685</b>	<b>18,478</b>	-	-

**19 – CONTRIBUTED EQUITY**

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Share capital</b>				
552,528,033 (2009: 495,782,907) fully paid ordinary shares	23,137,430	22,940,742	23,139,175	22,942,487
<b>Ordinary shares</b>				
	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>
<b>Movements during the year</b>				
Balance at beginning of financial year	495,782,907	22,940,742	3,182,827,016	22,237,240
Issue of shares:				
10:1 Share consolidation (i)	-	-	(2,864,544,109)	-
- 28/2/09 shares @ \$0.004 each (ii)	-	-	177,500,000	710,000
Share placement fees	-	-	-	(6,498)
Issue of shares:				
- 26/2/10 shares @ \$0.0035 each (iii)	56,745,126	198,607	-	-
Share placement fees	-	(1,919)	-	(6,498)
<b>Total consolidated entity movements during the year</b>	<b>56,745,126</b>	<b>196,688</b>	<b>(2,687,044,109)</b>	<b>703,502</b>
<b>Balance for consolidated entity at end of financial year</b>	<b>552,528,033</b>	<b>23,137,430</b>	<b>495,782,907</b>	<b>22,940,742</b>

- (i) 10:1 share consolidation as per resolution passed at the 2008 AGM.
- (ii) 177,500,000 shares issued in-lieu of part of debt incurred in the acquisition of Mirrus Managed Services. Shares were valued at 0.4 cents.
- (iii) 56,745,126 shares issued in-lieu of part of debt incurred in the acquisition of Mirrus Managed Services. Shares were valued at 0.35 cents.

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**19 – CONTRIBUTED EQUITY (cont.)**

Additional Issue

Since the end of the Financial Year no shares have been issued.

Ordinary Shares

Fully paid ordinary shares carry one vote per share and the right to dividends.

Share Options

28,372,863 options to subscribe for ordinary fully paid shares were outstanding at balance date.

Set out below is a summary of the movements in options outstanding during the year:

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Expired during the year Number	Balance at end of the year Number
<b>2010</b>						
15 September 2007	30 April 2010	\$0.005	30,000,000	-	30,000,000	-
26 February 2010	26 February 2013	\$0.004	-	28,372,563	-	28,372,563
Weighted average exercise price			\$0.005	\$0.004	\$0.005	\$0.004
<b>Total</b>			<b>30,000,000</b>	<b>28,372,563</b>	<b>30,000,000</b>	<b>28,372,863</b>

The weighted average share price at the date of exercise of options during the year ended 30 June 2010 was \$0.000 (2009 – \$0.000).

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.67 years (2009 – 0.75 years)

Additional Issue

Since the end of the financial year no options have been issued.

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**19 – CONTRIBUTED EQUITY (cont.)**

Set out below is a summary of the movements in options outstanding during the previous financial year:

Grant date	Expiry date	Exercise price (i) \$	Balance at start of the year Number	10:1 Consolidation of Options Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number
<b>2009</b>							
2 February 2007	31 January 2009	\$0.04	12,500,000	(11,250,000)	-	(1,250,000)	-
2 February 2007	31 January 2009	\$0.0375	20,000,000	(18,000,000)	-	(2,000,000)	-
2 February 2007	31 January 2009	\$0.035	14,842,985	(13,358,686)	-	(1,484,299)	-
15 September 2007	30 April 2010	\$0.05	300,000,000	(270,000,000)	-	-	30,000,000
Weighted average exercise price			\$0.0048	\$0.0048	-	\$0.0374	\$0.05
<b>Total</b>			<b>347,342,985</b>	<b>(312,608,686)</b>	<b>-</b>	<b>(4,734,299)</b>	<b>30,000,000</b>

(i) The exercise price was adjusted for the 10:1 consolidation

Shares and Options are issued at the discretion of the Directors.

**(i) Capital risk management**

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Chief executive of the Group and the parent entity monitors capital in coordination with directors.

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**20 – RESERVES & ACCUMULATED LOSSES**

**(a) Reserves**

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Reserves</b>				
Available-for-sale investments revaluation reserve	106,310	-	106,310	-
Options reserve	1,146,000	1,146,000	1,146,000	1,146,000
	<b>1,252,310</b>	<b>1,146,000</b>	<b>1,252,310</b>	<b>1,146,000</b>

Movements	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Available-for-sale investments revaluation reserve</b>				
Balance at beginning of financial year	-	(1,529,579)	-	(1,529,579)
Part reversal of prior year Impairment of financial assets available-for-sale	106,310	1,529,579	106,310	1,529,579
<b>Balance at end of financial year</b>	<b>106,310</b>	<b>-</b>	<b>106,310</b>	<b>-</b>
<b>Options reserve</b>				
Balance at beginning of financial year	1,146,000	1,146,000	1,146,000	1,146,000
Net movements attributed to members of the parent entity	-	-	-	-
<b>Balance at end of financial year</b>	<b>1,146,000</b>	<b>1,146,000</b>	<b>1,146,000</b>	<b>1,146,000</b>

**(b) Accumulated losses**

Movements	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Balance at beginning of financial year	(22,394,931)	(16,794,127)	(22,048,732)	(17,509,323)
Net profit / (loss) attributed to members of the parent entity	(252,258)	(5,600,804)	(551,261)	(4,539,409)
<b>Balance at end of financial year</b>	<b>(22,647,189)</b>	<b>(22,394,931)</b>	<b>(22,599,993)</b>	<b>(22,048,732)</b>

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**21 – DISCONTINUED OPERATIONS**

**(i) MTX Holdings Pty Ltd & Glovebox Pty Ltd**

**(a) Description**

On 31 March 2009 the Company discontinued operations in its underperforming subsidiaries, MTX Holdings Pty Ltd & Glovebox Pty Ltd, which has been reported in this financial report as a discontinued operation.

**(b) Financial performance and cash flow information**

	<b>Current Year</b> <b>30 Jun 2010</b>	<b>Previous Year</b> <b>30 Jun 2009</b>
	\$	\$
Revenue	-	45,073
Less expenses	48,909	371,985
<b>Profit / (Loss)</b>	<b>(48,909)</b>	<b>(326,912)</b>
Net cash (outflow) from operating activities	(44,389)	(324,682)
Net cash (outflow) from investing activities	-	(1,161)
Net cash inflow / (outflow) from financing activities	43,678	311,495
<b>Net increase / (decrease) in cash generated by business</b>	<b>(671)</b>	<b>(14,348)</b>

**(c) Carrying amounts of assets and liabilities**

The carrying amounts of assets and liabilities as at 30 June 2009 and 30 June 2010

	<b>Current Year</b> <b>30 Jun 2010</b>	<b>Previous Year</b> <b>30 Jun 2009</b>
	\$	\$
Cash	165	836
Receivables	3,303	8,724
Plant & equipment	1,410	1,918
Other (Deposits & bonds, Pre-payments)	2,600	2,970
<b>Total assets</b>	<b>7,478</b>	<b>14,448</b>
Less:		
Creditors	(555)	(3,402)
Loans with holding company	(1,915,133)	(1,871,455)
<b>Total liabilities</b>	<b>(1,915,688)</b>	<b>(1,874,857)</b>
<b>Net (deficiency in) assets</b>	<b>(1,908,210)</b>	<b>(1,860,409)</b>

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**21 – DISCONTINUED OPERATIONS**

**(ii) Elect Telecoms Pty Ltd**

**(a) Description**

The Company disposed of its non-operating subsidiary Elect Telecoms Pty Ltd during the financial year ended 30 June 2009, which has been reported in this financial report as a discontinued operation.

**(b) Financial performance and cash flow information**

	<b>Current Year</b> <b>30 Jun 2010</b> \$	<b>Previous Year</b> <b>30 Jun 2009</b> \$
Revenue	-	139,831
Less expenses	-	-
<b>Profit / (Loss)</b>	<b>-</b>	<b>139,831</b>
Net cash (outflow) from operating activities	-	-
Net cash (outflow) from investing activities	-	-
Net cash inflow / (outflow) from financing activities	-	-
<b>Net increase / (decrease) in cash generated by business</b>	<b>-</b>	<b>-</b>

**(c) Carrying amounts of assets and liabilities**

The carrying amounts of assets and liabilities as at 30 June 2009 and 30 June 2010

	<b>Current Year</b> <b>30 Jun 2010</b> \$	<b>Previous Year</b> <b>30 Jun 2009</b> \$
Cash	-	-
Receivables	-	-
Plant & equipment	-	-
Other (Deposits & bonds, Pre-payments)	-	-
<b>Total assets</b>	<b>-</b>	<b>-</b>
Less:		
Creditors	-	-
Provisions	-	-
Loans with holding company	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
<b>Net (deficiency in) assets</b>	<b>-</b>	<b>-</b>

**22 – BUSINESS COMBINATION**

There were no acquisitions in the years ended 30 June 2009 and 30 June 2010.

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**23 - NOTES TO THE STATEMENTS OF CASH FLOWS**

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>(a) Reconciliation of Cash</b>				
For the purposes of the Statements of Cash Flows, cash includes cash on hand and in banks, deposits and negotiable instruments that are fully liquid, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Balance Sheet as follows:				
Cash	328,276	532,285	316,910	519,390
<b>(b) Reconciliation of loss after income tax to net cash flows from operating activities</b>				
Profit / (loss) after related income tax	(252,258)	(5,600,804)	(551,261)	(4,539,409)
<b>Add / (less) investing &amp; financing activities:</b>				
Acquisition of subsidiary	-	950,000	-	950,000
Proceeds from sale of equity investments	-	(871,248)	-	(871,248)
Cost of sale of equity investments	-	1,731,937	-	1,731,937
Net loans to third parties	233,494	-	233,494	-
<b>Add / (less) non-cash items:</b>				
Depreciation and amortisation	269,212	338,254	21,760	22,576
Impairment of non-current assets	56,450	2,234,978	-	-
Impairment of investments	-	1,600,094	-	2,871,307
Impairment of financial assets	(2,968)	3,360	(2,968)	3,360
Non-recovery of subsidiary loans	-	-	729,624	376,841
Profit on disposal of subsidiary	-	(139,830)	-	-
Expenses paid by share based payments	-	-	-	-
Debt paid by share based payments	198,607	710,000	198,607	710,000
Disposal of plant and equipment	5,347	10,437	5,097	-
Net assets acquired in Pangaea acquisition	-	-	-	-
<b>Net cash provided by / (used in) operating activities before changes in assets and liabilities</b>	<b>507,884</b>	<b>967,178</b>	<b>634,353</b>	<b>1,255,364</b>
<b>Changes in assets and liabilities during the financial year:</b>				
<b>(Increase) / decrease in assets</b>				
Trade debtors	(13,106)	16,188	-	-
Other debtors	(96,149)	41,420	(265,826)	6,981
Inventories	876,692	27,061	-	-
Non-current receivables	370	16,188	-	-
<b>Increase / (decrease) in liabilities</b>				
Trade & other payables	(930,293)	(1,157,885)	(725,254)	(1,474,735)
Provisions	8,387	9,812	-	-
<b>Net cash provided by / (used in) operating activities</b>	<b>353,785</b>	<b>(99,196)</b>	<b>(356,727)</b>	<b>(212,390)</b>



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**24 – FINANCIAL RISK MANAGEMENT**

**(a) Financial Risk Management Policies**

The Group's activities expose it to variety of financial risks: market risk (including interest rate risk and price risk), creditor risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange where applicable and other price risks and aging analysis for credit risk.

The consolidated entity's financial instruments consist mainly of deposits with banks and other parties, short and long-term equity investments, accounts receivable and payable, and loans to and from subsidiaries and other parties. The consolidated entity has speculated in the trading of equity investments. No derivative financial instruments were used by the consolidated entity.

All risk management is carried out by the Executive Chairman in consultation with the Board of Directors and from time to time outside advisors.

**(b) Financial Risk Exposures and Management**

The risks the consolidated entity is exposed to through its financial instruments may include interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

*(i) Interest Rate Risk*

It is the policy of the consolidated entity to keep only a small level of cash in the main bank account. The remainder of the cash is kept in an interest-bearing savings account with a floating interest rate. Loans to, and from, related parties have earned, and/or paid, interest at a rate of 10-12% per annum. There have been no defaults by any of these third parties in repaying any interest or principal. The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out in note 24(c).

*(ii) Foreign Currency Risk*

The consolidated entity was exposed to fluctuations in foreign currencies arising from the purchase of goods in currencies other than the group's measurement currency. However due to changed circumstances in November 2009 when the Company's subsidiary, Mirrus Pty Ltd, sold all of its stock, foreign currency exposure for the consolidated entity no longer existed.

The Group's exposure to foreign currency risk at the reporting date was as follows, and the carrying amounts of the parent entity's financial assets and liabilities are denominated in Australian dollars except as set out below:

	<b>30 June 2010</b>	<b>30 June 2009</b>
	<b>US\$</b>	<b>US\$</b>
Inventory	-	257,269
Trade payables	-	(257,269)

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**24 – FINANCIAL RISK MANAGEMENT (cont.)**

**(b) Financial Risk Exposures and Management – (cont.)**

*(iii) Liquidity Risk*

The consolidated entity manages liquidity risk by monitoring forecast cash flows. Borrowings are expected to be needed for the 2010-2011 financial year.

*(iv) Credit Risk*

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 balance sheet and notes to the financial statements. There are no amounts of collateral held as security at balance date.

The consolidated entity's exposure to credit risk arises primarily from its carrying on business in the telecommunications industry. Credit risk is managed on a group basis and reviewed regularly by the executive chairman and referred to the Board. It arises from exposures to customers as well as through deposits with financial institutions. The consolidated entity is materially exposed to a substantial single customer in the telecommunications industry but to date almost all payments have been timely or ahead of schedule and the Board considers the customer as a low credit risk. The consolidated entity is not materially exposed to any overseas country.

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions generally all parties are acceptable. For customers, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on limits set by the Executive Chairman exercising Board policy. The compliance with credit limits is regularly monitored by the accountant. Sales to customers are settled by credit terms of 30 days from date of invoice.

*(v) Price Risk*

The group is exposed to price risk through its share investments in the equity of corporations, classified on the statement of financial position and through the statement of comprehensive income as available for sale. Most of these investments were in ASX listed companies.

To manage its price risk arising from investments in equity securities the Group has access to market reports on various stocks and regularly liaises with its brokers to keep abreast of market fluctuations. It considers information from various sources including financial magazines, investor reports and analysts' reports and information provided by companies.

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**24 – FINANCIAL RISK MANAGEMENT (cont.)**

**(c) Financial instrument composition and maturity analysis**

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 balance sheet.

	Weighted Average Effective Interest Rate (Per Annum)		Floating Interest Rate Within 1 Year	
	2010 %	2009 %	2010 \$	2009 \$
<b>Consolidated Group</b>				
<b>Financial assets - Current</b>				
Cash assets	-	-	328,276	532,285
Trade and other receivables	12%	12%	-	20,554
Financial assets at fair value through profit and loss	-	-	-	-
Financial assets available for sale	-	-	-	-
<b>Total Financial Assets</b>			<b>328,276</b>	<b>552,839</b>
<b>Financial liabilities - Current</b>				
Trade and other payables	-	-	-	-
Amounts payable related parties	-	10%	-	20,544
Borrowings	-	10%	-	35,000
<b>Total Financial Liabilities</b>			<b>-</b>	<b>55,544</b>

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**24 – FINANCIAL RISK MANAGEMENT (cont.)**

**(c) Financial instrument composition and maturity analysis (cont.)**

Consolidated Group	Fixed Interest Rate Within 1 Year		Non-Interest Bearing	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Financial assets - Current</b>				
Cash assets	-	-	-	-
Trade and other receivables	288,405	-	515,368	660,781
Financial assets at fair value through profit and loss	-	-	4,480	1,512
Financial assets available for sale	-	-	413,244	107,934
<b>Total Financial Assets</b>	<b>288,405</b>	<b>-</b>	<b>933,092</b>	<b>770,227</b>
<b>Financial liabilities - Current</b>				
Trade and other payables	-	-	1,057,941	1,988,234
Amounts payable related parties	-	-	-	-
Borrowings	-	-	-	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>1,057,941</b>	<b>1,988,234</b>

Consolidated Group	TOTAL	
	2010	2009
	\$	\$
<b>Financial assets - Current</b>		
Cash assets	328,276	532,285
Trade and other receivables	803,773	681,335
Financial assets at fair value through profit and loss	4,480	1,512
Financial assets available for sale	413,244	107,934
<b>Total Financial Assets</b>	<b>1,549,773</b>	<b>1,323,066</b>
<b>Financial liabilities - Current</b>		
Trade and other payables	1,057,941	1,988,234
Amounts payable related parties	-	20,544
Borrowings	-	35,000
<b>Total Financial Liabilities</b>	<b>1,057,941</b>	<b>2,043,778</b>

Trade and sundry payables are expected to be paid as follows:

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Less than 6 months	365,436	1,802,311	104,064	643,395
6 months to 1 year	120,000	-	-	-
1 to 5 years	572,505	185,923	-	185,923
<b>TOTAL</b>	<b>1,057,941</b>	<b>1,988,234</b>	<b>104,064</b>	<b>829,318</b>

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**24 – FINANCIAL RISK MANAGEMENT (cont.)**

**(d) Cash flow and net fair value**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

Listed investments have been valued at the quoted market bid price at balance date. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment or in accordance with any agreement.

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

	2010		2009	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
<b>Financial Assets</b>				
Cash and cash equivalents	328,276	328,276	532,285	532,285
Trade and other current receivables	803,773	803,773	681,335	681,335
Trade and other non current receivables	2,600	2,600	2,970	2,970
Available-for-sale financial assets at fair value	1,921,028	417,724	1,722,028	109,446
<b>TOTAL</b>	<b>3,055,677</b>	<b>1,552,373</b>	<b>2,938,618</b>	<b>1,326,036</b>
<b>Financial Liabilities</b>				
Trade and other payables	1,057,941	1,057,941	1,988,234	1,988,234
Amounts payable related parties	-	-	20,544	20,544
Borrowings	-	-	35,000	35,000
<b>TOTAL</b>	<b>1,057,941</b>	<b>1,057,941</b>	<b>2,043,778</b>	<b>2,043,778</b>

**(e) Sensitivity Analysis**

The group has performed sensitivity analysis relating to its exposure to foreign currency risk, price risk and 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.

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**24 – FINANCIAL RISK MANAGEMENT (cont.)**

**(e) Sensitivity Analysis (cont.)**

*(i) Foreign Currency Risk Sensitivity Analysis*

At 30 June 2010, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the US Dollar, with all other variables remaining constant is as follows:

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Change in Profit</b>				
Improvement in AUD to USD by 10%	-	13,552	-	-
Decline in AUD to USD by 10%	-	(16,568)	-	-
<b>Change in Equity</b>				
Improvement in AUD to USD by 10%	-	13,552	-	-
Decline in AUD to USD by 10%	-	(16,568)	-	-

*(ii) Price Risk Sensitivity Analysis*

At 30 June 2010, the effect on profit and equity as a result of changes in the price risk, with all other variables remaining constant would be as follows:

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Change in Profit</b>				
Increase in ASX Share prices by 10%	65,872	10,945	65,872	10,945
Decrease in ASX Share prices by 10%	(65,872)	(10,945)	(65,872)	(10,945)
<b>Change in Equity</b>				
Increase in ASX Share prices by 10%	65,872	10,945	65,872	10,945
Decrease in ASX Share prices by 10%	(65,872)	(10,945)	(65,872)	(10,945)

*(iii) Interest Rate Risk Sensitivity Analysis*

At 30 June 2010 the effect on profit and equity as a result of changes in the interest rate risk, with all other variables remaining constant would be as follows:

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Change in Profit</b>				
Increase in variable interest rate of 1%	6,601	7,495	6,601	7,495
Decrease in variable interest rate of 1%	(6,601)	(5,234)	(6,601)	(5,234)
<b>Change in Equity</b>				
Increase in variable interest rate of 1%	6,601	7,495	6,601	7,495
Decrease in variable interest rate of 1%	(6,601)	(5,234)	(6,601)	(5,234)

The above foreign exchange rate and price risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**25 - CONTROLLED ENTITIES**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1.

Name of Company	Interest held by each parent entity		
	Class of Shares	2010 %	2009 %
BROAD INVESTMENTS LIMITED			
Broad Securities Pty Ltd	Ordinary	100	100
Broad IP Pty Ltd	A	100	100
	B	100	100
	C	100	100
	Ordinary	100	100
Glovebox Pty Ltd	Ordinary	100	100
Mirrus Pty Ltd	Ordinary	100	100
MTX Holdings Pty Ltd	Ordinary	100	100
Mirrus Holdings Pty Ltd (i)	Ordinary	100	100
Pangaea Metals Ltd	Ordinary	100	100

(i) Formerly known as MTX Direct Pty Ltd. The name of the company was changed to Mirrus Holdings Pty Ltd on 10 February 2010.

Each of the above companies is incorporated in Australia.

The proportion of ownership interest is equal to the proportion of voting power held.

**26 - COMMITMENTS**

	Consolidated		Company	
	2010 \$	2009 \$	2010 \$	2009 \$
<b>Lease Commitments (i)</b>				
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, is as follows:				
Within one year	46,960	-	-	-
Later than one year but not later than five years	41,856	-	-	-
	<b>88,816</b>	-	-	-
Representing:				
Operating lease on premises	<b>88,816</b>	-	-	-

(i) The group leases two premises in Melbourne, one by Mirrus Pty Ltd and one by MTX Holdings Pty Ltd.

**BROAD INVESTMENTS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**26 – COMMITMENTS (cont.)**

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Capital Commitments</b>				
Expenditure commitments in relation to mining exploration leases contracted for at the reporting date but not recognised as liabilities, is as follows:				
Within one year	535,000	316,750	-	-
Between one and five years	2,632,000	1,322,000	-	-
	<b>3,167,000</b>	<b>1,638,750</b>	-	-
Representing:				
Exploration mining leases	3,167,000	1,638,750	-	-

**27 – RELATED PARTY TRANSACTIONS**

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

**(a) Ultimate Parent Company**

The parent entity and ultimate parent entity within the Group is Broad Investments Ltd.

**(b) Subsidiaries**

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Revenue</b>				
Administration service fee paid by Mirrus Pty Ltd, a wholly-owned controlled entity of Broad Investments Ltd	-	-	483,075	440,530

**(c) Directors**

The names of each person holding the position of Director of Broad Investments Limited during the financial year were:

Director	Position	Appointment Date	Resignation Date
Vaz Hovanessian	Executive Chairman	30 December 2003	-
Johannes Scholtz	Non-executive Director	30 May 2005	-
Neil Gibson	Non-executive Director	22 September 2006	-

**(c) Other Key Management Personnel**

Key Management Person	Position	Employer
Michael Saliba	Manager – Mirrus (from 1 July 2008 onwards)	Mirrus Pty Ltd



**BROAD INVESTMENTS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**27 – RELATED PARTY TRANSACTIONS (cont.)**

**(e) Key management personnel compensation**

	Consolidated		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Short-term employee benefits	427,615	493,000	280,000	356,500
Share based payments	-	-	-	-
Post employment benefits	12,385	13,500	-	-
<b>TOTAL</b>	<b>440,000</b>	<b>506,500</b>	<b>280,000</b>	<b>356,500</b>

The company has taken advantage of the relief provided and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in the remuneration report.

**(f) Equity instrument disclosures relating to key management personnel**

*Share holdings*

The number of shares in the company held during the financial year by each director of Broad Investments Ltd and other key personnel of the Group, including their related parties, are set out below:

2010	Balance at the start of the year	Other net changes during the year	Balance at the end of the year
<b>Directors</b>			
<b>Current</b>			
Vaz Hovanessian	2,469,752	-	2,469,752
Neil Gibson	500,000	-	500,000
Johannes Scholtz	800,000	-	800,000
<b>Other</b>			
<b>Current</b>			
Michael Saliba	-	-	-

**BROAD INVESTMENTS LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**27 – RELATED PARTY TRANSACTIONS (cont.)**

**(f) Equity instrument disclosures relating to key management personnel (cont.)**

2009	Balance at the start of the year	10:1 Consolidation	Other net changes during the year	Balance at end of employment	Balance at the end of the year
<b>Directors</b>					
<b>Current</b>					
Vaz Hovanessian	21,500,000	(19,350,000)	319,752	-	2,469,752
Neil Gibson	5,000,000	(4,500,000)	-	-	500,000
Johannes Scholtz	8,000,000	(7,200,000)	-	-	800,000
<b>Former</b>					
Robin Armstrong	2,000,000	-	-	2,000,000	-
<b>Other</b>					
<b>Current</b>					
Michael Saliba	-	-	-	-	-
<b>Former</b>					
Zac Karlaftis	-	-	-	-	-

**(g) Other transactions with Directors**

Broad Investments is a sub-tenant of ManageNet Pty Limited and ManageNet Pty Limited also provides IT & Computer Hosting services to Broad subsidiaries, MTX Holdings and Mirrus Pty Limited. Vaz Hovanessian is a Director and Shareholder of ManageNet. During the year ended 30 June 2010 Rent, General Office & Reception Expenses, Electricity & Telephone Expenses, Hosting & IT Fees totalling \$167,552 were paid or reimbursed to ManageNet Pty Ltd (2009: \$190,745). These expenses were negotiated at arms length by senior management and Directors of both companies which did not include Mr. Vaz Hovanessian.

Expenses for the printing and distribution of the Broad Investments Ltd 2009 Annual General Meeting Notice of \$5,500 were paid to Telmedia Pty Ltd (2009: \$5,500), a company associated with Vaz Hovanessian. These expenses were set at arms length and considered to be at commercial or lower than commercial rates and negotiated independently of Mr. Hovanessian.

During the year ended 30 June 2010 various advances were made or expenses paid by ManageNet to or on behalf of Broad Investments and similarly various advances were made or expenses paid by Broad Investments to or on behalf of ManageNet Pty Limited. The highest amount of the advance from Broad Investments to ManageNet reached \$40,000. The highest amount of the advance from ManageNet to Broad Investments reached \$131,072. At 30 June 2010 no loans existed between Broad Investment and ManageNet. Interest on all advances was charged @ 10%. Total interest charged to ManageNet over the financial year was \$164. Total interest charged to Broad Investments over the financial year was \$1,589.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**27 – RELATED PARTY TRANSACTIONS (cont.)**

**(g) Other transactions with Directors**

An unsecured loan of \$21,731 was repaid in December 2009 by E-com Multi Ltd, a public company, of which Vaz Hovanessian is a Director. Interest was charged by Broad Investments at 12% per annum and the total interest accrued for the year ended 30 June 2010 was \$1,177. The balance at the beginning of the financial year was \$20,554. Board members other than Vaz Hovanessian approved the advance to E-Com Multi Limited.

The loss from ordinary activities before income tax includes the following items of expense that resulted from transactions with Directors or their director-related entities:

	Consolidated	
	2010	2009
	\$	\$
<b>Revenue</b>		
Interest (i)	1,341	3,416
<b>Expenses</b>		
Interest (ii)	1,589	814
Directors Fees	280,000	280,000
Rent & General Office Expenses (iii)	90,000	90,000
Meeting Costs (iv)	5,000	5,000
Computer Expenses – Hosting Services (v)	77,552	100,745

- (i) Interest accrued on:
- (a) a loan made to E-com Multi Ltd, an ASX listed company of which Vaz Hovanessian is a director, but does not have controlling interest;
  - (b) advances to ManageNet Pty Ltd, a company associated with Vaz Hovanessian.
- (ii) 2010 & 2009 Interest paid on advances by ManageNet Pty Ltd, a company associated with Vaz Hovanessian.
- (iii) Rent and general office expenses reimbursed to ManageNet Pty Ltd, a company associated with Vaz Hovanessian. These were directly for Broad Investments' share of the occupation of its head office. This was negotiated at arms length between Board members of ManageNet and the Company, other than Mr. Hovanessian.
- (iv) Expenses for the printing and distribution of the Broad Investments Ltd 2009 & 2008 Annual General Meeting Notice of \$5,000 / year were paid to Telmedia Pty Ltd, a company associated with Vaz Hovanessian. These expenses were set at arms length and considered to be at commercial or lower than commercial rates and negotiated independently of Mr. Hovanessian.
- (v) Computer hosting services for the MTX Holdings, Glovebox Pty Ltd and Mirrus Managed Services subsidiaries were charged by Managenet Pty Ltd, a company associated with Vaz Hovanessian. This was negotiated at arms length between Board members of Managenet and the Company, other than Mr. Hovanessian.

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**28 – CONTINGENT LIABILITIES**

- (i) Broad Investments Ltd has guaranteed the obligations of its 100% owned subsidiary Mirrus Pty Ltd, in respect to its managed services contract with AAPT Limited, the major customer of Mirrus Pty Ltd.
- (ii) **Prior year contingent liability**  
A dispute with Panasonic, which had been noted as a contingent liability in the last annual report, was settled during the financial year to 30 June 2010. Both parties agreed to withdraw their claims and so a disputed amount of \$185,922 (inclusive of GST) which had been fully expensed in prior year's accounts has been written back in this financial report.

**29 - SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE**

No material events have occurred subsequent to balance date.

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