Broad Investments Limited

ABN: 91 087 813 090

PRELIMINARY FINAL REPORT
Year Ended 30 June 2011

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 2011

Name of entity

BROAD INVESTMENTS LIMITED

ACN

087 813 090

				$A'000
Revenues from ordinary activities	Down	42%	to	2,684
Profit /(loss) from ordinary activities after tax attributable to members	Up	102%	to	(510)
Net profit/(loss) for the period attributable to members	Up	102%	to	(510)

Dividends	**Amount per security**	**Franked amount per security**
Final dividend	Nil ¢	Nil ¢
Previous corresponding period	Nil ¢	Nil ¢

NTA Backing	**Current Year**	**Previous Year**
Net tangible asset-backing per ordinary share (cents)	0.06	0.11

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

COMMENTARY ON 2011 RESULTS

The loss of the consolidated entity for the year ended 30 June 2011, after providing for income tax amounted to $509,961 (2010: $252,258).

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 discontinued its operations in its junior mining and exploration company Pangaea Metals Limited ("Pangaea"). This business has been reported in this financial report as a discontinued operation.

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DIRECTORS' REPORT

The directors present their report, together with the financial statements of the Group, being Broad Investments Limited and its controlled entities, for the financial year ended 30 June 2011.

PRINCIPAL ACTIVITY

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 discontinued its operations in its junior mining and exploration company, Pangaea Metals Limited. This business has been reported in this financial report as a discontinued operation.

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

Operating Results

The consolidated loss of the consolidated group amounted to $509,961 (2010: $252,258), after providing for income tax. This represented a 102% decrease on the results reported for the year ended 30 June 2010. The increase in the loss was largely due to the reduced sales revenue and profitability of the Group’s principal provisioning services business.

Review of Operations

The Groups principal activity of a provisioning services business reported a loss of $150,527 after consolidation. Revenue from ordinary activities decreased by 42% on the previous financial year to $2,683,684 (2010: $4,632,886). The decrease was largely attributable to the Groups provisioning services business ceasing its sales of stock in November 2009 and concentrating only on sales of services.

Financial Position

The net assets of the consolidated group have decreased by $749,523 from 30 June 2010 to $1,234,028 in 2011. This decrease is largely due to:

- A reduction in cash of $153,985
- A reduction in financial assets available for sale of $247,316
- A reduction of intangible assets of $200,000
- An increase in borrowings of $166,162

The Group’s working capital, being current assets less current liabilities, has decreased from $705,967 in 2010 to $211,286 in 2011.

The net cash outflow from operating activities for the year ended 30 June 2011 was $290,921 (2010 net cash inflow $353,785). Contributing to this was the Group’s provisioning services reduced cash inflows caused by ceasing its sales of stock in November 2009 and concentrating only on sales of services.

DIRECTORS' REPORT (cont.)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs occurred during the financial year:

(i) Disposals

During the financial year the Group discontinued its operations in its junior mining and exploration company, Pangaea Metals Limited. This business has been reported in this financial report as a discontinued operation.

(ii) Changes to Capital

Up to the end of 30 June 2011 share issues were made as detailed below.

	2011		2010	
Ordinary shares	**No.**	**$**	**No.**	**$**
Issue of Shares in 2010:				
Shares issued in lieu of repayment of debt	-	-	56,745,126	198,607
Share placement fees	-	-	-	(1,919)
Total number of Shares issued	**-**	**-**	**56,745,126**	**196,688**

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 2010: Nil).

EVENTS AFTER THE REPORTING PERIOD

No material events have occurred subsequent to balance date.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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

ENVIRONMENTAL ISSUES

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

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.	56	Executive Chairman, Company Secretary, Chief Executive and Chief Financial Officer. Member of the Audit committee. Over 30 years' experience in corporate and financial services and/or public company directorships. A successful businessman, with extensive interests in property and tourism. Appointed on 30 December 2003. *Other current directorships* Executive Chairman of Strathfield Group Limited (appointed 12 December 2008) *Former Directorships in the last 3 years* Non-executive Director of FairStar Resources Limited (appointed 15 March 2008; resigned 18 January 2010). Executive Director of Rico Resources Limited (appointed 25 September 1996; resigned 31 March 2011)
Neil Gibson	69	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. *Other current directorships* Chairman of Australian Property Systems Limited (appointed 27 November 2009) Non-executive Director of Strathfield Group Limited (appointed 1 December 2010)
Johannes Scholtz B. Commerce	47	Non-executive Director and Chairman of the Audit Committee. Has over 20 years experience in senior level management in Australia, New Zealand & South Africa, in the manufacturing and steel industries, including Corporate finance roles and turnarounds of small companies. Appointed on 30 May 2005.

DIRECTORS' REPORT (cont.)

COMPANY SECRETARY

The company secretary is Mr Vaz Hovanessian. Mr Hovanessian was appointed as company secretary on 30 December 2003. Before joining Broad Investments Limited he held similar positions with other listed public companies.

OPTIONS

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

Grant Date	Date of Expiry	Exercise Price	Number under Option
26 February 2010	26 February 2013	$0.004	28,372,563

Option holders do not have any rights to participate in any issues of shares or other interests in the amounts are unpaid on any of the shares.

No shares were issued on the exercise of options during the year ended 30 June 2011.

INDEMNIFYING OFFICERS OR AUDITOR

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 for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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

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' & executives' 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 limits in Directors' fees have applied:

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

Executive pay

The executive pay and reward framework has two components:

- base pay, including superannuation, and
- performance incentives

The combination of these comprises the executive total remuneration.

The base pay may be delivered as cash or company securities as agreed between the executive chairman and the executive. The performance incentives are reviewed periodically by the executive chairman and the Board and may be delivered as a combination of cash or company securities as agreed between the executive chairman and the executive.

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel of Broad Investments Limited and the Broad Investments Group are set out below.

The key management personnel of the Group were the directors of Broad Investments Ltd and the following executive:

Michael Saliba	General Manager – Mirrus Managed Services (from 1 July 2008 onwards)

DIRECTORS' REPORT (cont.)

REMUNERATION REPORT (cont.)
(b) Directors' & executive's remuneration (cont.)

2011	Short-term employee benefits Cash salary and fees	Cash bonus	Super-annuation	TOTAL
Executive Director				
Current				
Vaz Hovanessian	220,000	-	-	220,000
Non-Executive Directors				
Current				
Johannes Scholtz	20,000	-	-	20,000
Neil Gibson	20,000	-	-	20,000
Total paid to Directors	**260,000**	**-**	**-**	**260,000**
Executives				
Current				
Michael Saliba	137,615	7,260	12,385	157,260
Total paid to Executives	**137,615**	**7,260**	**12,385**	**157,260**
Total paid	**397,615**	**7,260**	**12,385**	**417,260**

2010	Short-term employee benefits Cash salary and fees	Cash bonus	Super-annuation	TOTAL
Executive Director				
Current				
Vaz Hovanessian	240,000	-	-	240,000
Non-Executive Directors				
Current				
Johannes Scholtz	20,000	-	-	20,000
Neil Gibson	20,000	-	-	20,000
Total paid to Directors	**280,000**	**-**	**-**	**280,000**
Executives				
Current				
Michael Saliba	137,615	10,000	12,385	160,000
Total paid to Executives	**137,615**	**10,000**	**12,385**	**160,000**
Total paid	**417,615**	**10,000**	**12,385**	**440,000**

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.

DIRECTORS' REPORT (cont.)

REMUNERATION REPORT (cont.)
(b) Directors' & executive's remuneration (cont.)

Other Key Management Personnel:

	Fixed remuneration		At risk - STI	
Name	**2011**	**2010**	**2011**	**2010**
Current				
Michael Saliba	95.38%	93.75%	4.62%	6.25%

(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 1st 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 Hovanessian	Nil	2,469,752	Nil	Nil
Johan Scholtz	800,000	Nil	Nil	Nil

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

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 2011 there were no amounts paid or payable to the auditor (Crowe Horwath Sydney) for non-audit services.

AUDITOR'S INDEPENDENCE DECLARATION

This financial report is subject of an audit yet to be completed. 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 Hovanessian
Chairman

Sydney
31 August 2011

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $	2010 $
Sales revenue	3	2,469,408	4,574,868
Net realised gain on short-term investments	3	144,207	-
Other revenue	3	70,069	58,018
Total revenue from continuing operations	**3**	**2,683,684**	**4,632,886**
Less:			
Cost of sales	5	(1,540,418)	(3,165,078)
Gross profit		**1,143,266**	**1,467,808**
Employee benefits expense		(558,729)	(442,725)
General & administrative expenses		(758,079)	(1,040,995)
Finance costs	5	(16)	(25,957)
Depreciation & amortisation expenses	5	(253,750)	(268,704)
Impairment of current assets	5	-	-
Impairment of non-current assets	5	-	(56,450)
Loss on disposal of non-current assets	5	-	(5,347)
Expenses previously expensed written back	5	-	169,021
Total expenses from ordinary activities		**(1,570,574)**	**(1,671,157)**
Profit / (loss) before income tax expense		**(427,308)**	**(203,349)**
Income tax expense	6	-	-
Profit / (loss) from continuing operations		**(427,308)**	**(203,349)**
Profit / (loss) from discontinued operations after tax	21	(82,653)	(48,909)
Net profit / (loss) for the period	**20(b)**	**(509,961)**	**(252,258)**
Other comprehensive income			
Net change in fair value of available for sale financial assets		(239,562)	347,310
Total comprehensive income / (loss) for the period net of tax		**(749,523)**	**95,052**
Profit / (loss) attributable to:			
Members of the parent entity	**20(b)**	**(509,961)**	**(252,258)**
Total comprehensive income / (loss) attributable to:			
Members of the parent entity		**(749,523)**	**95,052**
Earnings per share for profit attributable to the ordinary equity holders of the company			
Basic loss per share (cents)	7	(0.09)	(0.05)
Diluted loss per share (cents)	7	(0.08)	(0.05)
Earnings per share for comprehensive income attributable to the ordinary equity holders of the company			
Basic loss per share (cents)	7	(0.14)	0.02
Diluted loss per share (cents)	7	(0.12)	0.02

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	Consolidated 2011 $	2010 $
Current assets			
Cash and cash equivalents	9	174,291	328,276
Trade and other receivables	10	753,747	803,773
Inventories	11	-	-
Financial assets at fair value through profit or loss	12	7,840	4,480
Financial assets available for sale	13	406,928	654,244
Total current assets		**1,342,806**	**1,790,773**
Non-current assets			
Trade and other receivables	10	2,600	2,600
Plant and equipment	14	95,142	149,984
Intangible assets	15	925,000	1,125,000
Total non-current assets		**1,022,742**	**1,277,584**
Total assets		**2,365,548**	**3,068,357**
Current liabilities			
Trade and other payables	16	923,820	1,057,941
Borrowings	17	166,162	-
Provisions	18	41,538	26,865
Total current liabilities		**1,131,520**	**1,084,806**
Total liabilities		**1,131,520**	**1,084,806**
Net assets		**1,234,028**	**1,983,551**
Equity			
Contributed equity	19	23,137,430	23,137,430
Financial asset revaluation reserve	20(a)	1,253,748	1,493,310
Accumulated losses	20(b)	(23,157,150)	(22,647,189)
Total equity		**1,234,028**	**1,983,551**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

Consolidated	Note	Share Capital-Ordinary	Reserves	Accumulated losses	Total
		$	$	$	$
Balance at 1-7-2009		22,940,742	1,146,000	(22,394,931)	1,691,811
Contributions of equity net of transaction costs	19	196,688	-	-	196,688
Total other comprehensive income	20(a)	-	347,310	-	347,310
Loss attributable to members of parent entity	20(b)	-	-	(252,258)	(252,258)
Balance at 30-6-2010		**23,137,430**	**1,493,310**	**(22,647,189)**	**1,983,551**
Balance at 1-7-2010		**23,137,430**	**1,493,310**	**(22,647,189)**	**1,983,551**
Contributions of equity net of transaction costs	19	-	-	-	-
Total other comprehensive income	20(a)	-	(239,562)	-	(239,562)
Loss attributable to members of parent entity	20(b)	-	-	(509,961)	(509,961)
Balance at 30-6-2011		**23,137,430**	**1,253,748**	**(23,157,150)**	**1,234,028**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $	2010 $
Cash flows from operating activities			
Receipts from customers		2,705,038	5,257,806
Payments to suppliers and employees		(2,999,735)	(4,930,919)
Interest received		3,287	52,855
Interest paid		(16)	(25,957)
Others		505	-
Net cash provided by / (used in) operating activities	**23(b)**	**(290,921)**	**353,785**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash		-	-
Payment for equity investments		(77,261)	(199,000)
Payment for physical non-current assets		(318)	(11,387)
Payment for other non-current assets		-	-
Proceeds from disposal of equity investments		230,307	-
Loans to other entities		(191,779)	(584,000)
Loans repaid by other entities		50,000	334,650
Exploration Expenditure		(39,090)	(39,005)
Others		1,085	-
Net cash provided by / (used in) investing activities		**(29,226)**	**(498,742)**
Cash flows from financing activities			
Proceeds from issue of equity securities		-	-
Capital raising costs		-	(1,919)
Proceeds from borrowings		911,162	230,000
Repayment of borrowings		(745,000)	(287,133)
Net cash provided by / (used in) financing activities		**166,162**	**(59,052)**
Net increase / (decrease) in cash held		(153,985)	(204,009)
Cash at beginning of financial year		328,276	532,285
Cash at end of financial year	**23(a)**	**174,291**	**328,276**

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

CONTENTS TO THE NOTES OF THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

These consolidated financial statements and notes represent those of Broad Investments Limited and controlled entities (the 'consolidated group' or 'group'). Broad Investments Limited is a company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Broad Investments Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation
The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements 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 as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are 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.

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.

<u>Significant Accounting Policies</u>

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:

Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Broad Investments Limited at the end of the reporting period. A controlled entity is any entity over which Broad Investments Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 25 to the financial statements.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Principles of Consolidation (cont.)
In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Business Combinations
Business combinations occur when an acquirer obtains control over one or more business.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill
Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interest; and
- the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Goodwill (cont.)
The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquire either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Refer to Note 15 for information on the goodwill policy adopted by the Group for acquisitions.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

<u>Customer contracts</u>
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.

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 profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Income Taxes (cont.)

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 outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability 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 and 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) a legally enforceable right of set-off exists; and (b) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount the carrying amount is recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, 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.

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

	2011	2010
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 reporting period.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Depreciation (cont.)
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.

Exploration Expenditure
Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered 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.

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 project 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 local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Leases (cont.)
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 recognised 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.

Financial Instruments
Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (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.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that 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 item 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 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.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

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.

Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

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.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Impairment
At the end of each reporting period, 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 profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

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

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Impairment of Assets
At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

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

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 profit or loss, 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 other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Cash and Cash Equivalents

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

Revenue and Other Income

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

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method.

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 profit or loss in the period in which they are incurred.

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

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.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements 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.

<u>Key Estimates</u>

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 Notes 10 and 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. In addition the same business test and ownership rules would need to be reviewed. The total unrecognised tax losses are $8,767,415 and total temporary differences, or deferred tax assets not recognised is $511,007.

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

New Accounting Standards for Application in Future Periods (cont.)
The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income.

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Group.

AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

New Accounting Standards for Application in Future Periods (cont.)
The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific “RDR” disclosures.

AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Group.

AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation.

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB’s annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity’s first Australian-Accounting-Standards financial statements;

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

New Accounting Standards for Application in Future Periods (cont.)

- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

New Accounting Standards for Application in Future Periods (cont.)

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Group.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

New Accounting Standards for Application in Future Periods (cont.)
AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.]

This Standard is not expected to impact the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

2 – PARENT INFORMATION

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with the accounting standards.

	2011	2010
STATEMENT OF FINANCIAL POSITION	**$**	**$**
Current assets		
Cash and cash equivalents	159,992	316,910
Trade and other receivables	493,260	299,447
Financial assets at fair value through profit or loss	7,840	4,480
Financial assets available for sale	406,928	654,244
Total current assets	**1,068,020**	**1,275,081**
Non-current assets		
Trade and other receivables	961,444	791,278
Plant and equipment	13,953	20,197
Investments accounted for using the equity method	50,000	50,000
Total non-current assets	**1,025,397**	**861,475**
Total assets	**2,093,417**	**2,136,556**
Current liabilities		
Trade and other payables	80,233	104,064
Borrowings	166,162	-
Total current liabilities	**246,395**	**104,064**
Total liabilities	**246,395**	**104,064**
Net assets	**1,847,022**	**2,032,492**
Equity		
Contributed equity	23,139, 175	23,139, 175
Financial asset revaluation reserve	1,253,748	1,493,310
Accumulated losses	(22,545,901)	(22,599,993)
Total equity	**1,849,416**	**2,032,492**
STATEMENT OF COMPREHENSIVE INCOME		
Total profit	54,092	(551,261)
Total comprehensive income	(185,470)	(203,951)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

2 – PARENT INFORMATION (Cont.)

Guarantees
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.

Contractual Commitments
At 30 June 2011 Broad Investments Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2010: Nil).

3 – REVENUE

	Consolidated	
	2011	**2010**
	$	**$**
From continuing operations		
Sales revenue	2,469,408	4,574,868
Other Revenue		
Net realised gain on short-term investments	144,207	-
Interest revenue - other	66,058	52,855
Unrealised gain on share stock	3,360	2,968
Foreign currency gain	146	2,195
Dividend income – other	505	-
	214,276	58,018
Total revenue from continuing operations	**2,683,684**	**4,632,886**
Total revenue from discontinued operations	**-**	**-**
TOTAL REVENUE	**2,683,684**	**4,632,886**

4 – AUDITORS' REMUNERATION

	Consolidated	
	2011	**2010**
	$	**$**
Remuneration of the auditor of the parent entity for:		
- Review of the half year financial statements	21,035	20,000
- Audit of the full year financial statements	56,650	55,000
- Audit of the previous year financial statements (i)	766	9,289
TOTAL AUDITORS' REMUNERATION	**78,451**	**84,289**

(i) Additional fees in excess of estimated cost of the audit of the 2010 & 2009 Financial Statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

5 – EXPENSES

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

	Consolidated	
	2011	**2010**
	$	**$**
From continuing operations		
Expenses:		
Cost of sales	1,540,418	3,165,078
Finance costs		
Interest expense - other	16	25,957
Depreciation of:		
Plant and equipment	53,750	68,704
Amortisation of:		
Intangible non-current assets	200,000	200,000
Lease payments:		
Office Rental	59,628	64,412
Office equipment	-	-
	-	-
Impairment of assets:		
Current		
Financial assets	-	-
Investments	-	-
	-	-
Non-current		
Investments	-	-
Goodwill	-	-
Exploration expenditure	-	56,450
	-	56,450
Loss from sale of available for sale financial assets:		
Current		
Short-term investments	-	-
Loss on disposal of non-current assets	931	5,347
Expenses previously expensed written back	-	(169,021)
From discontinued operations		
Expenses:		
Impairment of assets:		
Non-current		
Exploration expenditure	39,090	-
Depreciation of:		
Plant and equipment	479	508
Bad and doubtful debts:		
Trade debtors	(318)	3,501

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:	2011	2010
Net profit / (loss) from ordinary activities	(509,961)	(252,258)
Income tax benefit calculated at 30% (2010: 30%) of operating profit / (loss)	(152,988)	(75,677)
Permanent differences		
Profit / (Loss) on sale of financial assets	-	-
Impairment of investments	-	-
Impairment of goodwill on acquisition	-	-
Amortisation of customer contract	60,000	60,000
Profit from Sale of subsidiary	-	-
Bad debts	-	-
Loss on disposal of fixed assets	279	1,604
Non-deductible expenses	679	213
Permanent differences in income tax	60,958	61,817
Income tax expense / (benefit) adjusted for permanent differences for operating profit / (loss) and discontinued operations (i)	92,030	13,860
Deferred tax assets not brought to account	(92,030)	(13,860)
Total income tax (benefit) / expense on operating loss calculated at 30% (2010: 30%)	-	-

Current tax	(4,532)	116,220
Deferred tax	96,652	(102,360)
Deferred tax not recognised	(92,030)	(13,860)
	-	-

The deferred tax asset balance not recognised at year end was:

Income tax losses	8,767,415	8,675,385
Temporary differences	511,007	517,494
	9,278,422	9,192,879

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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:

	Consolidated 2011 Cents per Share	Consolidated 2010 Cents per Share
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:		
Basic loss per share (cents)	(0.08)	(0.04)
Diluted loss per share (cents)	(0.07)	(0.04)
Loss per share attributable to the ordinary equity holders of the Company:		
Basic loss per share (cents)	(0.09)	(0.05)
Diluted loss per share (cents)	(0.08)	(0.05)
Loss per share		
(a) Basic loss per share		
Loss per share from continuing operations attributable to the ordinary equity holders of the Company	(0.08)	(0.04)
Loss per share from discontinued operations	(0.01)	(0.01)
Total loss per share attributable to the ordinary equity holders of the company	(0.09)	(0.05)
(b) Diluted loss per share		
Diluted loss per share from continuing operations attributable to the ordinary equity holders of the Company	(0.07)	(0.04)
Diluted loss per share from discontinued operations	(0.01)	(0.01)
Total diluted Loss per share attributable to the ordinary equity holders of the company	(0.08)	(0.05)
(c) Reconciliation of loss used in calculating earnings per share		
Basic loss per share		
Loss attributable to the ordinary equity holders of the company used in calculating basic loss per share		
from continuing operations	(427,308)	(203,349)
from discontinued operations	(82,653)	(48,909)
Diluted loss per share		
Diluted loss attributable to the ordinary equity holders of the company used in calculating diluted loss per share		
from continuing operations	(427,308)	(203,349)
from discontinued operations	(82,653)	(48,909)
(d) Weighted average number of shares used as the denominator	**No.**	**No.**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	552,528,033	515,060,703
Weighted average number of dilutive options outstanding	28,372,563	28,916,694
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	580,900,596	543,977,397

7 – EARNINGS PER SHARE (Cont.)

Information concerning the classification of securities

Diluted loss per share

Potential ordinary shares being the balance of the convertible note at balance date and options granted at balance date are not considered dilutive as the conversion of these components to equity would result in a decrease in the net loss per share.

Options

No options have been included in the determination of basic loss per share. Details relating to the options are set out in Note 19.

Issue of securities after reporting date

No securities have been issued after 30 June 2011.

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.

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.

8 – OPERATING SEGMENTS (Cont.)

Types of services by segment (cont.)
Exploration Mining
Mining exploration through the 100% owned subsidiary Pangaea Metals Ltd. This segment was discontinued as at 30 June 2011.

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.

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.

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.

8 – OPERATING SEGMENTS (Cont.)

Segment performance

30 June 2011	Managed Services	Share Trading & Investments	Exploration Mining	Corporate	TOTAL
	$	$	$	$	$
Revenue					
External sales	2,469,408	-	-	-	2,469,408
Inter-segment sales	-	-	-	400,290	400,290
Interest revenue	542	-	-	65,516	66,058
Other operating revenue	-	148,218	-	-	148,218
Total segment revenue	**2,469,950**	**148,218**	**-**	**465,806**	**3,083,974**
Reconciliation of segment revenue to group revenue					
Inter-segment elimination					(400,290)
Total group revenue					**2,683,684**
Segment net profit/(loss) before tax	**(550,817)**	**148,218**	**-**	**(95,151)**	**(497,750)**
Reconciliation of segment result to group net profit/(loss) before tax					
Discontinued operations					(82,653)
Inter-segment elimination					70,442
Net profit/(loss) before tax					**(509,961)**
Other segment information					
Disposal of plant and equipment	-	-	-	-	-
Interest expense	-	-	-	16	16
Depreciation expense	47,506	-	-	6,244	53,750
Amortisation expense	200,000	-	-	-	200,000
Impairment of non-current assets	-	-	39,090	-	39,090

8 – OPERATING SEGMENTS (Cont.)

Segment performance (cont.)

30 June 2010	Managed Services	Share Trading & Investments	Exploration Mining	Corporate	TOTAL
	$	$	$	$	$
Revenue					
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
Total segment revenue	**4,577,265**	**2,968**	**-**	**535,728**	**5,115,961**
Reconciliation of segment revenue to group revenue					
Inter-segment elimination					(483,075)
Total group revenue					**4,632,886**
Segment net profit/(loss) before tax	**(302,242)**	**2,968**	**(77,375)**	**(555,216)**	**(931,865)**
Reconciliation of segment result to group net profit/(loss) before tax					
Discontinued operations					(48,909)
Inter-segment elimination					728,516
Net profit/(loss) before tax					**(252,258)**
Other segment information					
Disposal of plant and equipment	250	-	-	5,097	5,347
Interest expense	1	-	-	25,956	25,957
Depreciation expense	46,944	-	-	21,760	68,704
Amortisation expense	200,000	-	-	-	200,000
Impairment of non-current assets	-	-	56,450	-	56,450

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

8 – OPERATING SEGMENTS (Cont.)

Segment assets

As at 30 June 2011	Managed Services	Share Trading & Investments	Exploration Mining	Corporate	TOTAL
	$	$	$	$	$
Segment assets	1,279,219	414,768	26	1,682,979	3,376,992
Segment asset increases for the period					
Acquisitions	317	77,261	-	-	77,578
Reconciliation of segment assets to group assets					
Inter-segment eliminations					(1,011,444)
Total group assets					**2,365,548**
Other segment information					
Acquisition of plant and equipment	317	-	-	-	317

As at 30 June 2010	Managed Services	Share Trading & Investments	Exploration Mining	Corporate	TOTAL
	$	$	$	$	$
Segment assets	1,763,827	417,724	1,054	1,486,030	3,668,635
Segment asset increases for the period					
Acquisitions	6,702	199,000	-	4,687	210,389
Reconciliation of segment assets to group assets					
Inter-segment eliminations					(841,278)
Total group assets					**2,827,357**
Other segment information					
Acquisition of plant and equipment	6,702	-	-	4,687	11,389

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

8 – OPERATING SEGMENTS (Cont.)

Segment liabilities

As at 30 June 2011	Managed Services	Share Trading & Investments	Exploration Mining	Corporate	TOTAL
	$	$	$	$	$
Segment liabilities	2,424,435	-	1,607,940	3,820,291	7,852,666
Reconciliation of segment liabilities to group liabilities					
Inter-segment eliminations					(6,720,146)
Total group liabilities					**1,131,520**

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

(b) Geographical segments

The consolidated entity operates primarily within Australia.

(b) Major customer

The Group has customers to whom it provides services. In November 2009 due to a new arrangement with its major customer it stopped providing goods to customers.

The Group supplies a single external customer in the managed services segment who accounts for 96.07% of external revenue (2010: 95.79%). The next most significant client accounts for 2.69% (2010: 2.39%) of external revenue.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

9 – CASH AND CASH EQUIVALENTS

	Consolidated	
	2011	**2010**
	$	**$**
Cash at bank	174,291	328,276

The group and the parent entity's exposure to interest rate risk is discussed in Note 25

10 – TRADE AND OTHER RECEIVABLES

Current:		
Trade Debtors	32,510	34,234
Less: Provision for impairment of receivables	-	(3,501)
	32,510	30,733
GST	-	13,199
Other debtors		
Related parties	778	-
Other loans – not related	492,178	288,406
Less: Provision for impairment of receivables	-	-
	492,956	301,605
Prepayments	40,798	46,545
Accrued revenue	187,483	424,890
	753,747	**803,773**
Non-current:		
Deposit	**2,600**	**2,600**

10 – TRADE AND OTHER RECEIVABLES (cont.)

(a) Impaired trade receivables

As at 30 June 2011 no current receivables of the Group were impaired (2010 - $3,501).

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

	Consolidated	
	2011	**2010**
	$	**$**
Balance as at 1 July	(3,501)	-
Provision for impairment recognised during the year	-	(3,501)
Balance as at 30 June	**-**	**(3,501)**

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 2011, trade receivables of $26,462 (2010 - $15,301) 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	
	2011	**2010**
	$	**$**
Current:		
Up to 3 months	16,775	30,726
Over 3 months	15,735	7
	32,510	**30,733**

(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 25.

(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 25 for more information on the risk management policy of the Group and the credit quality of the entity’s trade receivables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

11 – INVENTORIES

	Consolidated	
	2011	**2010**
	$	**$**
Inventory on hand – finished goods	-	-

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 2011.

Inventory expense

Inventories recognised as expense during the year ended 30 June 2011 amounted to Nil (2010 - $1,461,646).

12 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Consolidated	
	2011	**2010**
	$	**$**
ASX listed equity securities	14,000	14,000
Write-down of stock	(6,160)	(9,520)
	7,840	**4,480**

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'impairment of current financial assets' or 'other revenue' in the statement of comprehensive income. The reversal of the impairment loss of $3,360 has been recognised in the statement of comprehensive income as 'other revenue'.

The financial assets have been designated financial assets at fair value through profit and loss upon initial recognition. Shares held for trading are traded for the purpose of short-term profit taking.

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 25.

13 – INVESTMENTS

	Consolidated	
	2011	**2010**
	$	**$**
Current:		
Financial assets available for sale		
Shares in quoted entities – at cost	1,358,189	1,367,028
Less: Allowance for diminution in value	(951,261)	(712,784)
Shares in quoted entities at fair value	406,928	654,244
Shares in unquoted entities – at cost	540,000	540,000
Less: Allowance for diminution in value	(540,000)	(540,000)
	406,928	**654,244**

(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 (2010 – 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 26 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 25.

The movements in impairment of financial assets available for sale have been stated in the statements of changes of equity and comprehensive income – 2011: $238,477 (2010: $347,310). The movement is based on the change in bid price or managements assessment of recovery.

14 – PLANT AND EQUIPMENT

	Consolidated	
	2011	**2010**
	$	**$**
Plant & equipment		
At cost	321,067	335,965
Accumulated depreciation	(225,925)	(185,980)
Total plant & equipment at net written down value	**95,142**	**149,985**
Reconciliations		
Plant & equipment		
Carrying amount at beginning of year	149,985	213,156
Additions	317	11,389
Disposals	(931)	(5,348)
Depreciation	(54,229)	(69,212)
Carrying amount at end of year	**95,142**	**149,985**

15– INTANGIBLE ASSETS

Intangible assets, other than goodwill, have finite useful lives. The current amortisation for intangible assets is included under 'depreciation and amortisation expense' in the statement of comprehensive income. Goodwill has an infinite life.

Consolidated goodwill - indefinite		
Cost	4,272,992	4,272,992
Accumulated impairment	(3,697,992)	(3,697,992)
	575,000	**575,000**
Identifiable customer contract - finite		
Cost	1,000,000	1,000,000
Accumulated amortisation	(650,000)	(450,000)
	350,000	**550,000**
Capitalised exploration expenditure		
Cost	1,059,305	1,020,215
Accumulated impairment	(1,059,305)	(1,020,215)
	-	**-**

15 – INTANGIBLE ASSETS (Cont.)

Consolidated	Pangaea Metals Ltd Goodwill $	Pangaea Exploration Expenditure $	Mirrus Customer Contract $	Mirrus Goodwill $	TOTAL $
30 June 2010					
Opening net book amount	-	-	750,000	575,000	1,325,000
Amortisation expense	-	-	(200,000)	-	(200,000)
Additions – exploration expenditure	-	56,450	-	-	56,450
Impairment charge	-	(56,450)	-	-	(56,450)
Closing net book amount	**-**	**-**	**550,000**	**575,000**	**1,125,000**
30 June 2011					
Opening net book amount	-	-	550,000	575,000	1,125,000
Amortisation expense	-	-	(200,000)	-	(200,000)
Additions – exploration expenditure	-	39,090	-	-	39,090
Impairment charge	-	(39,090)	-	-	(39,090)
Closing net book amount	**-**	**-**	**350,000**	**575,000**	**925,000**

(i) Impairment disclosures

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

	2011 $	2010 $
Goodwill		
Managed Services- Mirrus Pty Limited	575,000	575,000
Exploration Mining - Pangaea Metals Ltd	-	-
	575,000	**575,000**

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.

(ii) Amortisation charge

Mirrus Pty Ltd – customer contracts

Amortisation is included in amortisation expenses in the statement of comprehensive income. The remaining amortisation period for customer contracts is 21 months.

(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.

15 – INTANGIBLE ASSETS (Cont.)

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

Pangaea Metals Ltd

Following the assessment of the fair value of the Company's exploration mining acquisition the Board reduced the value of goodwill and its capitalised acquisition costs in Pangaea Metals to NIL as at 30 June 2009. The reduction in the value of goodwill and capitalised acquisition costs 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. The growth rate is unknown. The discount rate used was 20%.

An impairment charge was recognised at 30 June 2009 and 30 June 2010 in the statement of comprehensive income, "impairment of non-current assets'

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 2011. 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 the foreseeable future.

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

- Net present value discount rate of 20%. It is pre-tax and is adjusted to incorporate risks associated with a particular segment.
- Terminal value of 4 times the projected net cash flow for 2015
- Forecast period of 5 years was used
- Costs are calculated taking into account historical gross margins

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

(v) Exploration expenditure

The following amounts arising from exploration for and evaluation of mineral resources at year end were:

- Assets $26
- Liabilities $1,591,693 ($1,558,315 to parent company eliminated on consolidation)
- Income Nil
- Expenses $40,472
- Cash outflows $39,090

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

16 – TRADE AND OTHER PAYABLES

	Consolidated	
	2011	**2010**
	$	**$**
Current (unsecured):		
Trade creditors	251,740	181,974
BAS statements payable	580,953	757,504
Sundry creditors and accrued expenses	91,127	118,463
	923,820	**1,057,941**

17 – BORROWINGS

	Consolidated	
	2011	**2010**
	$	**$**
Current (unsecured):		
Loan – amortised cost	119,000	-
Loan by related party – amortised cost	47,162	-
	166,162	**-**

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 25.

18 – PROVISIONS

Current		
Annual leave	41,538	26,865
Balance as at 1 July	26,685	18,478
Additions	14,853	8,207
Balance as at 30 June	**41,538**	**26,685**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

19 – CONTRIBUTED EQUITY

	Consolidated	
	2011	**2010**
Share capital	**$**	**$**
552,528,033 (2010: 552,528,033) fully paid ordinary shares	23,137,430	23,137,430

Ordinary shares	**2011**		**2010**	
	No.	**$**	**No.**	**$**
Movements during the year				
Balance at beginning of financial year	552,528,033	23,137,430	495,782,907	22,940,742
Issue of shares:				
- 26/2/10 shares @ $0.0035 each (i)	-	-	56,745,126	198,607
Share placement fees	-	-	-	(1,919)
Total consolidated entity movements during the year	**-**	**-**	**56,745,126**	**196,688**
Balance for consolidated entity at end of financial year	**552,528,033**	**23,137,430**	**552,528,033**	**23,137,430**

(i) 56,745,126 shares issued in-lieu of debt incurred in the acquisition of Mirrus Managed Services. Shares were valued at 0.35 cents and totally extinguished the debt. The fair value was measured at market price.

(a) 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 2010: Nil).

(b) Authorised capital
The number of shares authorised is the same as paid ordinary shares.

(c) Par value
The shares have no par value.

(d) Additional issue
Since the end of the Financial Year no shares have been issued.

(e) Ordinary shares
Fully paid ordinary shares carry one vote per share and the right to dividends.

19 – CONTRIBUTED EQUITY (cont.)

(f) 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 for Broad Investments Limited.

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
2011						
26 February 2010	26 February 2013	$0.004	28,372,563	-	-	28,372,563
Weighted average exercise price			$0.004			$0.004
Total			**28,372,863**	**-**	**-**	**28,372,863**

The weighted average share price at the date of exercise of options during the year ended 30 June 2011 was $0.000 (2010 – $0.000).

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.67 years (2010 – 2.67 years)

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

The method used for pricing the issued options was the Black Scholes method and the following criteria were used:

- Strike price
- Stock price
- Time (days) left to Option expiry
- Volatility (%)
- Risk free interest rate (%)

19 – CONTRIBUTED EQUITY (cont.)

Set out below is a summary of the movements in options outstanding during the previous financial year for Broad Investments Limited.

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
2010						
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
Total			**30,000,000**	**28,372,563**	**30,000,000**	**28,372,863**

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

(g) 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.

20 – RESERVES & ACCUMULATED LOSSES

(a) Reserves

	Consolidated	
	2011	**2010**
	$	**$**
Reserves		
Available-for-sale investments revaluation reserve	108,833	347,310
Options reserve	1,146,000	1,146,000
Foreign Exchange Translation Reserve	1,085	-
	1,253,748	**1,493,310**
Movements		
Available-for-sale investments revaluation reserve		
Balance at beginning of financial year	347,310	-
Part reversal of prior year Impairment of financial assets available-for-sale	(238,477)	347,310
Balance at end of financial year	**108,833**	**347,310**
Options reserve		
Balance at beginning of financial year	1,146,000	1,146,000
Net movements attributed to members of the parent entity	-	-
Balance at end of financial year	**1,146,000**	**1,146,000**
Foreign exchange translation reserve		
Balance at beginning of financial year	-	-
Net movements for the year	(1,085)	-
Balance at end of financial year	**(1,085)**	**-**

(b) Accumulated losses

Movements		
Balance at beginning of financial year	(22,647,189)	(22,394,931)
Net profit / (loss) attributed to members of the parent entity	(509,961)	(252,258)
Balance at end of financial year	**(23,157,150)**	**(22,647,189)**

21 – DISCONTINUED OPERATIONS

(i) Pangaea Metals Ltd

(a) Description

On 30 June 2011 the Company discontinued operations in its exploration mining subsidiary, Pangaea Metals Ltd, which has been reported in this financial report as a discontinued operation. The expenses this year largely relate to the impairment of exploration mining expenses.

(b) Financial performance and cash flow information

	Current Year 30 Jun 2011 $	Previous Year 30 Jun 2010 $
Revenue	-	-
Less expenses	(40,472)	(77,375)
Profit / (Loss) attributable to members of the parent entity	**(40,472)**	**(77,375)**

The net cashflows of the discontinued operations which have been included into the statement of cashflows as follows:

Net cash (outflow) from operating activities	5,591	(28,068)
Net cash (outflow) from investing activities	(39,090)	(56,450)
Net cash inflow / (outflow) from financing activities	33,378	84,582
Net increase / (decrease) in cash generated by discontinued business	**(121)**	**64**

No income tax expense is recognised for discontinued operations.

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 30 June 2010 and 30 June 2011

	Current Year 30 Jun 2011 $	Previous Year 30 Jun 2010 $
Cash	26	147
Receivables	-	907
Total assets	**26**	**1,054**
Less:		
Creditors	(16,247)	(10,181)
Loans with holding company	(1,591,693)	(1,558,315)
Total liabilities	**(1,607,940)**	**(1,568,496)**
Net (deficiency in) assets	**(1,607,914)**	**(1,567,442)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

21 – DISCONTINUED OPERATIONS

(ii) 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. The expenses this year largely relate to the lease and maintenance of an office in Melbourne which used as a disaster recovery office for Mirrus Managed Services.

(b) Financial performance and cash flow information

	Current Year 30 Jun 2011 $	Previous Year 30 Jun 2010 $
Revenue	-	-
Less expenses	42,181	48,909
(Loss) attributable to members of the parent entity	**42,181**	**(48,909)**

The net cashflows of the discontinued operations which have been included into the statement of cashflows as follows:

Net cash (outflow) from operating activities	(35,195)	(44,349)
Net cash (outflow) from investing activities	-	-
Net cash inflow / (outflow) from financing activities	35,849	43,678
Net (decrease) in cash generated by discontinued business	**654**	**(671)**

No income tax expense is recognised for discontinued operations.

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 30 June 2010 and 30 June 2011

	Current Year 30 Jun 2011 $	Previous Year 30 Jun 2010 $
Cash	819	165
Receivables	2,600	3,303
Plant & equipment	-	1,410
Other (Deposits & bonds, Pre-payments)	-	2,600
Total assets	**3,419**	**7,478**
Less:		
Creditors	(2,828)	(555)
Loans with holding company	(1,950,982)	(1,915,133)
Total liabilities	**(1,915,688)**	**(1,915,688)**
Net (deficiency in) assets	**(1,953,810)**	**(1,908,210)**

22 – BUSINESS COMBINATION

There were no acquisitions in the years ended 30 June 2010 and 30 June 2011.

23 - NOTES TO THE STATEMENTS OF CASH FLOWS

	Consolidated	
	2011	**2010**
	$	**$**
(a) Reconciliation of Cash		
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	**174,291**	**328,276**
(b) Reconciliation of loss after income tax to net cash flows from operating activities		
Profit / (loss) after related income tax	(509,961)	(252,258)
Add / (less) investing & financing activities:		
Acquisition of subsidiary	-	-
Proceeds from sale of equity investments	(230,307)	-
Cost of sale of equity investments	86,100	-
Net loans to third parties	141,000	233,494
Add / (less) non-cash items:		
Depreciation and amortisation	254,229	269,212
Impairment of non-current assets	39,090	56,450
Impairment of investments	-	-
Impairment of financial assets	(3,360)	(2,968)
Non-recovery of subsidiary loans	-	-
Profit on disposal of subsidiary	-	-
Expenses paid by share based payments	-	-
Debt paid by share based payments	-	198,607
Disposal of plant and equipment	931	5,347
Net assets acquired in Pangaea acquisition	-	-
Net cash provided by / (used in) operating activities before changes in assets and liabilities	**(222,278)**	**507,884**
Changes in assets and liabilities during the financial year:		
(Increase) / decrease in assets		
Trade debtors	(1,777)	(13,106)
Other debtors	52,582	(96,149)
Inventories	-	876,692
Non-current receivables	-	370
Increase / (decrease) in liabilities		
Trade & other payables	(134,121)	(930,293)
Provisions	14,673	8,387
Net cash provided by / (used in) operating activities	**290,921**	**353,785**

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) Specific Financial Risk Exposures and Management

The main 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 25(c).

(ii) Foreign Currency Risk

The consolidated entity was exposed to fluctuations in foreign currencies arising from the purchase of share investments in currencies other than the group's measurement currency.

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:

	30 June 2011 US$	**30 June 2010 US$**
Financial assets available for sale	40,615	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

24 – FINANCIAL RISK MANAGEMENT (cont.)

(b) Specific 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 2011-2012 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 risk is accepted. For customers and other debtors, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are 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 it 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.

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	
Consolidated Group	**2011 %**	**2010 %**	**2011 $**	**2010 $**
Financial assets - current				
Cash assets	-	-	174,291	328,276
Trade and other receivables – amortised cost	12%	12%	-	-
Financial assets at fair value through profit and loss	-	-	-	-
Financial assets available for sale	-	-	-	-
Total Financial Assets - current			**174,291**	**328,276**
Financial assets – non current				
Trade and other receivables – amortised cost	-	-	-	-
Financial liabilities - current				
Trade and other payables – amortised cost	-	-	-	-
Amounts payable related parties – amortised cost	-	-	-	-
Borrowings – amortised cost	-	-	-	-
Total Financial Liabilities - current			**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

24 – FINANCIAL RISK MANAGEMENT (cont.)

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

	Fixed Interest Rate Within 1 Year		Non-Interest Bearing	
Consolidated Group	**2011 $**	**2010 $**	**2011 $**	**2010 $**
Financial assets - current				
Cash assets	-	-	-	-
Trade and other receivables – amortised cost	492,175	288,405	220,774	468,824
Financial assets at fair value through profit and loss	-	-	7,840	4,480
Financial assets available for sale	-	-	406,928	654,244
Total Financial Assets - current	**492,175**	**288,405**	**635,542**	**1,127,548**
Financial assets – non current				
Trade and other receivables – amortised cost	-	-	2,600	2,600
Financial liabilities - current				
Trade and other payables – amortised cost	-	-	923,820	1,057,941
Amounts payable related parties – amortised cost	-	-	47,162	-
Borrowings – amortised cost	-	-	119,000	-
Total Financial Liabilities - current	**-**	**-**	**1,089,982**	**1,057,941**

	TOTAL	
Consolidated Group	**2011 $**	**2010 $**
Financial assets - current		
Cash assets	174,291	328,276
Trade and other receivables – amortised cost	712,949	757,229
Financial assets at fair value through profit and loss	7,840	4,480
Financial assets available for sale	406,928	654,244
Total Financial Assets - current	**1,302,008**	**1,744,229**
Financial assets – non current		
Trade and other receivables – amortised cost	**2,600**	**2,600**
Financial liabilities - current		
Trade and other payables – amortised cost	923,820	1,057,941
Amounts payable related parties – amortised cost	47,162	-
Borrowings – amortised cost	119,000	-
Total Financial Liabilities - current	**1,089,982**	**1,057,941**

24 – FINANCIAL RISK MANAGEMENT (cont.)

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

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

	Consolidated	
	2011 **$**	**2010** **$**
Less than 6 months	490,237	365,436
6 months to 1 year	150,000	120,000
1 to 5 years	283,583	572,505
TOTAL	**923,820**	**1,057,941**

(d) Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, 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.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. term receivables, held-to-maturity assets, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

24 – FINANCIAL RISK MANAGEMENT (cont.)

(d) Net Fair Values (cont.)

	2011		2010	
	Net Carrying Value $	**Net Fair Value $**	**Net Carrying Value $**	**Net Fair Value $**
Financial Assets				
Cash and cash equivalents	174,291	174,291	328,276	328,276
Trade and other current receivables	712,949	712,949	757,229	757,229
Trade and other non current receivables	2,600	2,600	2,600	2,600
Available-for-sale financial assets at fair value	1,912,189	414,768	1,921,028	658,724
TOTAL	**2,802,029**	**1,304,608**	**3,009,633**	**1,746,829**
Financial Liabilities				
Trade and other payables	923,820	923,820	1,057,941	1,057,941
Amounts payable related parties	47,162	47,162	-	-
Borrowings	119,000	119,000	-	-
TOTAL	**1,089,982**	**1,089,982**	**1,057,941**	**1,057,941**

The fair values disclosed in the above table have been determined based on the following methodologies:

- Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

- For listed available-for-sale and held-for-trading financial assets, closing quoted bid prices at the end of the reporting period are used. In determining the fair values of the unlisted available-for-sale financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

Financial Instruments Measured at Fair Value

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

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

24 – FINANCIAL RISK MANAGEMENT (cont.)

(d) Net Fair Values (cont.)

2011	Level 1 $	Level 2 $	Level 3 $	TOTAL $
Financial Assets				
Financial assets at fair value through profit or loss:				
- Investments held-for-trading	7,840	-	-	7,840
Available for sale financial assets:				
- Listed investments	406,928	-	-	406,928
TOTAL	**414,768**	**-**	**-**	**414,768**

2010	Level 1 $	Level 2 $	Level 3 $	TOTAL $
Financial Assets				
Financial assets at fair value through profit or loss:				
- Investments held-for-trading	4,480	-	-	4,480
Available for sale financial assets:				
- Listed investments	654,244	-	-	654,244
TOTAL	**658,724**	**-**	**-**	**658,724**

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

(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.

(i) Foreign Currency Risk Sensitivity Analysis

At 30 June 2011, 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	
	2011 $	**2010 $**
Change in Profit		
Improvement in AUD to USD by 10%	4,523	-
Decline in AUD to USD by 10%	(4,523)	-
Change in Equity		
Improvement in AUD to USD by 10%	4,523	-
Decline in AUD to USD by 10%	(4,523)	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

24 – FINANCIAL RISK MANAGEMENT (cont.)

(e) Sensitivity Analysis (cont.)

(ii) Price Risk Sensitivity Analysis

At 30 June 2011, 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	
	2011	**2010**
	$	**$**
Change in Profit		
Increase in ASX Share prices by 10%	41,822	65,872
Decrease in ASX Share prices by 10%	(41,822)	(65,872)
Change in Equity		
Increase in ASX Share prices by 10%	41,822	65,872
Decrease in ASX Share prices by 10%	(41,822)	(65,872)

(iii) Interest Rate Risk Sensitivity Analysis

At 30 June 2011 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	
	2011	**2010**
	$	**$**
Change in Profit		
Increase in variable interest rate of 1%	2,969	6,601
Decrease in variable interest rate of 1%	(2,969)	(6,601)
Change in Equity		
Increase in variable interest rate of 1%	2,969	6,601
Decrease in variable interest rate of 1%	(2,969)	(6,601)

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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	2011 %	2010 %
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 Group	
	2011 $	2010 $
Lease Commitments (i)		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, is as follows:		
Within one year	38,629	46,960
Later than one year but not later than five years	3,227	41,856
	41,856	**88,816**
Representing:		
Operating lease on premises	**41,856**	**88,816**

(i) The group leases a premises in Melbourne. The Mirrus office lease commenced on 1 August 2009 with a lease term of 3 years with a further term of 3 years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

26 – COMMITMENTS (cont.)

	Consolidated	
	2011	2010
	$	$
Capital Commitments		
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
Between one and five years	-	2,632,000
	-	**3,167,000**
Representing:		
Exploration mining leases	-	3,167,000

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	
	2011	2010	2011	2010
	$	$	$	$
Revenue				
Administration service fee paid by Mirrus Pty Ltd, a wholly-owned controlled entity of Broad Investments Ltd	-	-	400,290	483,075

(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	-

(d) Other Key Management Personnel

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

27 – RELATED PARTY TRANSACTIONS (cont.)

(e) Key management personnel compensation

	Consolidated 2011 $	Consolidated 2010 $
Short-term employee benefits	404,875	427,615
Share based payments	-	-
Post employment benefits	12,385	12,385
TOTAL	**417,260**	**440,000**

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:

2011	Balance at the start of the year	Other net changes during the year	Balance at the end of the year
Directors			
Current			
Vaz Hovanessian	2,469,752	-	2,469,752
Neil Gibson	500,000	-	500,000
Johannes Scholtz	800,000	-	800,000
Other			
Current			
Michael Saliba	-	-	-

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

27 – RELATED PARTY TRANSACTIONS (cont.)

(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 the Broad subsidiary, Mirrus Pty Limited. Vaz Hovanessian is a Director and Shareholder of ManageNet. During the year ended 30 June 2011 Rent, General Office & Reception Expenses, Electricity & Telephone Expenses, Hosting & IT Fees totalling $113,920 were paid or reimbursed to ManageNet Pty Ltd (2010: $167,552). These expenses were negotiated at arms-length by senior management and directors of both companies which did not include Mr. Vaz Hovanessian. As at 30 June 2011 ManageNet Pty Ltd owed Broad Investments $463 for reimbursement of telephone expenses.

As at 30 June 2011 Strathfield Car Radio Ltd, in which Vaz Hovanessian is a Director and Shareholder owed Broad Investments $316 for reimbursement of telephone expenses.

Expenses for the printing and distribution of the Broad Investments Ltd 2009 Annual General Meeting Notice of $5,455 were paid to Telmedia Pty Ltd (2010: $5,000), 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 Broad Investments Limited acquired 41,666,660 shares for $150,000 in E-com Multi Ltd, a public company, of which Vaz Hovanessian was a Director. These shares were consolidated on a 25:1 basis in January 2011 and as at 30 June 2011 Broad Investments Ltd held 1,666,667 shares in Rico Resources Limited (formerly E-com Multi Limited). The decision to purchase the shares was made independent of Mr. Hovanessian.

2010 Comparative Related Party Transactions

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

27 – RELATED PARTY TRANSACTIONS (cont.)

(g) Other transactions with Directors

Expenses for the printing and distribution of the Broad Investments Ltd 2009 Annual General Meeting Notice of $5,000 were paid to Telmedia Pty Ltd (2009: $5,000), 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.

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.

During the year ended 30 June 2010 Broad Investments Limited acquired 41,666,660 shares for $150,000 in E-com Multi Ltd, a public company, of which Vaz Hovanessian is a Director. These shares were still owned by Broad Investments Limited as at 30 June 2010. The decision to purchase the shares was made independent of Mr. Hovanessian

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

27 – RELATED PARTY TRANSACTIONS (cont.)

(g) Other transactions with Directors (cont.)

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	
	2011	**2010**
	$	**$**
Revenue		
Interest (i)	-	1,341
Expenses		
Interest (ii)	-	1,589
Directors Fees	280,000	280,000
Rent & General Office Expenses (iii)	57,500	90,000
Meeting Costs (iv)	5,455	5,000
Computer Expenses – Hosting Services (v)	56,420	77,552

(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) 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 2010 & 2009 Annual General Meeting Notice 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 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.

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

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.