Broad Investments Limited

ABN: 91 087 813 090

PRELIMINARY FINAL REPORT
Year Ended 30 June 2012

Appendix 4E

(Previous corresponding period: Year Ended 30 June 2011)

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

Results for Announcement to the Market
for the year ended 30 June 2012

Name of entity

BROAD INVESTMENTS LIMITED

ACN

087 813 090

				$A'000
Revenues from ordinary activities	Up	1%	to	2,708
Profit /(loss) from ordinary activities after tax attributable to members	Up	72%	to	(913)
Net profit/(loss) for the period attributable to members	Up	72%	to	(913)

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)	(0.11)	0.06

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 2012 RESULTS

The loss of the consolidated entity for the year ended 30 June 2012, after providing for income tax amounted to $913,130 (2011: $531,356).

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

Compliance statement

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

Date: 31 August 2012

Vaz Hovanessian
(Chairman)

CONTENTS

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 2012.

PRINCIPAL ACTIVITY

The principal activity of the Group was a provisioning services business, servicing the communications and ICT market via its subsidiaries Mirrus Pty Limited and Unified Business Communications Group Pty Limited ("UBCG").

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

Operating Results

The consolidated loss of the consolidated group amounted to $913,130 (2011: $531,356), after providing for income tax. This represented a 72% decrease on the results reported for the year ended 30 June 2011. The increase in the loss was largely due to:

- Loss in sale of shares and the value of equity investments held for sale of $147,133
- Loss incurred by the newly acquired telecommunications subsidiary Unified Business Communications Group Pty Ltd for the six months of $171,088
- Impairment of a receivable of $160,500

Review of Operations

The Groups principal activity of a provisioning services business reported a loss of $149,416 (2011: $571,127). The remission of prior years' general interest charge by the ATO on its debt of $152,031 aided its performance. Revenue from ordinary activities decreased by 9% on the previous financial year to $2,396,863 (2011: $2,683,538).

Financial Position

The net assets of the consolidated group have decreased by $853,760 from 30 June 2011 to $359,958 in 2012. This decrease is largely due to:

- A reduction in financial assets available for sale of $163,588
- An increase in trade and other payables of $115,288
- An increase in borrowings of $606,590

The Group's working capital, being current assets less current liabilities, has decreased from $190,976 in 2011 to ($728,890) in 2012.

The net cash outflow from operating activities for the year ended 30 June 2012 was $319,285 (2011 net cash operating outflow $309,451).

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) Business Combinations

On 21 December 2011 the parent entity acquired 100% of the issued capital of Unified Business Communications Group Pty Ltd, a telecommunications company, for a purchase consideration of $400,000.

(ii) Changes to Capital

Up to the end of 30 June 2012 share issues were made as detailed below.

	2012		2011	
Ordinary shares	**No.**	**$**	**No.**	**$**
Issue of Shares in 2012:				
Shares issued for acquisition of business	85,000,000	170,000	-	-
ASX Costs	-	(1,797)	-	-
Total number of Shares issued	**85,000,000**	**168,203**	**-**	**-**

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 2011: Nil).

EVENTS AFTER THE REPORTING PERIOD

As at the date of this report 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.	57	Executive Chairman, Company Secretary, Chief Executive and Chief Financial Officer. Member of the Audit committee. Over 29 years' experience in corporate and financial services and/or public company directorships. A successful businessman, with extensive interests in finance, 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	70	Non-executive Director. Mr. Gibson is an accountant with varied experience in business including company secretarial, stock broking, rural properties and hotels and 16 years in communications services business in Queensland, Northern Territory and country New South Wales. Appointed 22 September 2006. *Other current directorships* Non-executive Director of Strathfield Group Limited (appointed 1 December 2010) *Former Directorships in the last 3 years* Chairman of Australian Property Systems Limited (appointed 27 November 2009; resigned 1 July 2011)
Johannes Scholtz B. Commerce	48	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 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 2012.

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.

DIRECTORS' REPORT (cont.)

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. The 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

DIRECTORS' REPORT (cont.)

REMUNERATION REPORT (cont.)

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

2012	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	-	12,385	150,000
Total paid to Executives	**137,615**	**-**	**12,385**	**150,000**
Total paid	**417,615**	**-**	**12,385**	**430,000**

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**	**160,000**
Total paid	**397,615**	**7,260**	**12,385**	**417,260**

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.

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

Other Key Management Personnel:

	Fixed remuneration		At risk - STI	
Name	**2012**	**2011**	**2012**	**2011**
Current				
Michael Saliba	100%	95.38%	0%	4.62%

(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 $7,260 (2010: $10,000) was payable for performance during 2010/2011.
- 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.

DIRECTORS' REPORT (cont.)

NON-AUDIT SERVICES

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

However, for the financial year ended at 30 June 2012 there were no amounts paid or payable to the auditor (Crowe Horwath Sydney) for non-audit services.

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

	Consolidated	
	2012	**2011**
	$	**$**
Crowe Horwath Sydney:		
- Audit and review of financial reports	105,750	78,451
TOTAL REMUNERATION FOR AUDIT SERVICES	**105,750**	**78,451**

AUDITOR'S INDEPENDENCE DECLARATION

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

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

Vaz Hovanessian
Chairman

Sydney
31 August 2012

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

		Consolidated	
		2012	**2011**
	Note	**$**	**$**
Sales revenue	3	2,520,740	2,469,408
Net realised gain on short-term investments	3	-	144,207
Other revenue	3	187,206	69,923
Total revenue from continuing operations	**3**	**2,707,946**	**2,683,538**
Less:			
Cost of sales	5	(1,601,643)	(1,547,668)
Gross profit		**1,106,303**	**1,135,870**
Employee benefits expense		(610,480)	(566,506)
General & administrative expenses		(867,119)	(764,301)
Net bad & doubtful debts	5	(175,349)	-
Finance costs	5	(40,142)	(16)
Depreciation & amortisation expenses	5	(245,390)	(253,750)
Impairment of current assets	5	(43,060)	-
Impairment of non-current assets	5	-	-
Loss on disposal of non-current assets	5	(10,193)	-
Net realised gain on short-term investments	5	(14,853)	-
Total expenses from ordinary activities		**(2,006,586)**	**(1,584,573)**
Profit / (loss) before income tax expense		**(900,283)**	**(448,703)**
Income tax expense	6	-	-
Profit / (loss) from continuing operations		**(900,283)**	**(448,703)**
Profit / (loss) from discontinued operations after tax	21	(12,847)	(82,653)
Net profit / (loss) for the period	**20(b)**	**(913,130)**	**(531,356)**
Other comprehensive income			
Net change in fair value of available for sale financial assets		(108,833)	(238,477)
Total comprehensive income / (loss) for the period net of tax		**(1,021,963)**	**(769,833)**
Profit / (loss) attributable to:			
Members of the parent entity	**20(b)**	**(913,130)**	**(531,356)**
Total comprehensive income / (loss) attributable to:			
Members of the parent entity		**(1,021,963)**	**(769,833)**
Earnings per share from continuing and discontinued operations of the company			
Basic loss per share (cents)	7	(0.15)	(0.10)
Diluted loss per share (cents)	7	(0.13)	(0.10)
Earnings per share from continuing operations of the company			
Basic loss per share (cents)	7	(0.15)	(0.08)
Diluted loss per share (cents)	7	(0.13)	(0.08)

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 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Current assets			
Cash and cash equivalents	9	233,843	174,291
Trade and other receivables	10	638,240	768,552
Inventories	11	47,068	-
Financial assets at fair value through profit or loss	12	5,376	7,840
Financial assets available for sale	13	243,340	406,928
Total current assets		**1,167,867**	**1,357,611**
Non-current assets			
Trade and other receivables	10	-	2,600
Plant and equipment	14	46,382	95,142
Intangible assets	15	1,042,466	925,000
Total non-current assets		**1,088,848**	**1,022,742**
Total assets		**2,256,715**	**2,380,353**
Current liabilities			
Trade and other payables	16	1,066,446	951,158
Borrowings	17	772,752	166,162
Provisions	18	57,559	49,315
Total current liabilities		**1,896,757**	**1,166,635**
Total liabilities		**1,896,757**	**1,166,635**
Net assets		**359,958**	**1,213,718**
Equity			
Contributed equity	19	23,305,633	23,137,430
Financial asset revaluation reserve	20(a)	1,146,000	1,254,833
Accumulated losses	20(b)	(24,091,675)	(23,178,545)
Total equity		**359,958**	**1,213,718**

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 2012

Consolidated	Note	Share Capital-Ordinary	Reserves	Accumulated losses	Total
		$	$	$	$
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)	-	(238,477)	-	(239,562)
Loss attributable to members of parent entity	20(b)	-	-	(531,356)	(509,961)
Balance at 30-6-2011		**23,137,430**	**1,254,833**	**(23,178,545)**	**1,213,718**
Balance at 1-7-2011		**23,137,430**	**1,254,833**	**(23,178,545)**	**1,213,718**
Contributions of equity net of transaction costs	19	168,203	-	-	168,203
Total other comprehensive income	20(a)	-	(108,833)	-	(108,833)
Loss attributable to members of parent entity	20(b)	-	-	(913,130)	(913,130)
Balance at 30-6-2012		**23,305,633**	**1,146,000**	**(24,091,675)**	**359,958**

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 2012

		Consolidated	
		2012	2011
	Note	$	$
Cash flows from operating activities			
Receipts from customers		2,538,355	2,689,821
Payments to suppliers and employees		(2,860,874)	(3,003,048)
Interest received		3,239	3,287
Interest paid		(5)	(16)
Dividends received		-	505
Net cash provided by / (used in) operating activities	**23(b)**	**(319,285)**	**(309,451)**
Cash flows from investing activities			
Payment for equity investments		(90,502)	(76,336)
Payment for physical non-current assets		-	(318)
Proceeds from disposal of equity investments		89,808	229,382
Cash acquired on acquisition of business		10,495	-
Loans to other entities		(50,000)	(191,779)
Loans repaid by other entities		50,000	50,000
Exploration Expenditure		-	(21,645)
Net cash provided by / (used in) investing activities		**9,801**	**(10,696)**
Cash flows from financing activities			
Capital raising costs		(1,797)	-
Proceeds from borrowings		493,532	911,162
Repayment of borrowings		(122,699)	(745,000)
Net cash provided by / (used in) financing activities		**369,036**	**166,162**
Net increase / (decrease) in cash held		59,552	(153,985)
Cash at beginning of financial year		174,291	328,276
Cash at end of financial year	23(a)	**233,843**	**174,291**

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 2012

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*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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.

Except for cash flow information, 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.

Significant Accounting Policies

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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.

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 2012

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 re-valued 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:

	2012	2011
Furniture and fittings	7.5%	7.5%
Office equipment	10%	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 2012

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 re-valued 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.

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
<u>Recognition and initial measurement</u>
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.

<u>Classification and subsequent measurement</u>
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.

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 investments
Available-for-sale investments are non-derivative financial assets that are either not capable 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 any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. 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 classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Financial Instruments (cont.)

<u>Financial liabilities</u>
Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

<u>Impairment</u>
At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

<u>Financial guarantees</u>
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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Financial Instruments (cont.)
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 during the next reporting period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposure if the guaranteed party were to default.

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets 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.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expire 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 discharged, cancelled or have expired. The difference between the carrying amount 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.

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 re-valued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a re-valued 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.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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.

Employee Benefits

Provision is made for the Group'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 attributable to employee benefits.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 method.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue is recognised for the major business activities as follows:

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

<u>Managed Services</u>
Revenue from services is recognised in the accounting period in which the services are rendered.

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

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

Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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.

Key Estimates

Impairment - general

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.

Impairment – carbon price

There is presently uncertainty in relation to the impacts of the carbon pricing mechanism recently introduced by the Australian Government. This carbon pricing system could potentially affect the assumptions underlying value-in-use calculations used for asset impairment testing purposes. The consolidated entity has not incorporated the effect of any carbon price implementation in its impairment testing at 30 June 2012.

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 $8,971,831 and total temporary differences, or deferred tax assets not recognised is $614,943.

New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

New Accounting Standards for Application in Future Periods (cont.)
AASB 9: Financial Instruments (December 2010) and 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] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

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, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

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 are not expected to significantly impact the Group.

AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 17, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Group.

AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB101, AASB124, AASB134, AASB1049 & AASB 2011–8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

- for an offer that may be withdrawn – when the employee accepts;
- for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
- where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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.

STATEMENT OF FINANCIAL POSITION	**2012 $**	**2011 $**
Current assets		
Cash and cash equivalents	208,781	159,992
Trade and other receivables	377,056	493,260
Financial assets at fair value through profit or loss	5,376	7,840
Financial assets available for sale	243,340	406,928
Total current assets	**834,553**	**1,068,020**
Non-current assets		
Trade and other receivables	-	-
Plant and equipment	4,683	13,953
Investments accounted for using the equity method	450,000	50,000
Total non-current assets	**454,683**	**63,953**
Total assets	**1,289,236**	**1,131,973**
Current liabilities		
Trade and other payables	253,410	80,233
Borrowings	596,995	166,162
Total current liabilities	**850,405**	**246,395**
Total liabilities	**850,405**	**246,395**
Net assets	**438,831**	**885,578**
Equity		
Contributed equity	23,307, 378	23,139, 175
Financial asset revaluation reserve	1,146,000	1,254,833
Accumulated losses	(24,014,547)	(23,508,430)
Total equity	**438,831**	**885,578**

STATEMENT OF COMPREHENSIVE INCOME		
Total profit	(506,117)	(908,437)
Total comprehensive income	(614,950)	(1,146,914)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2 – PARENT INFORMATION (Cont.)

<u>Guarantees</u>
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.

<u>Contractual Commitments</u>
At 30 June 2012 Broad Investments Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2011: Nil).

3 – REVENUE

	Consolidated	
	2012	**2011**
	$	**$**
From continuing operations		
Sales revenue	2,520,740	2,469,408
Other Revenue		
Net realised gain on short-term investments	-	144,207
Interest revenue - other	35,175	66,058
Unrealised gain on share stock	-	3,360
Remission of ATO general interest charge	152,031	-
Dividend income – other	-	505
	187,206	214,130
Total revenue from continuing operations	**2,707,946**	**2,683,538**
Total revenue from discontinued operations	**-**	**-**
TOTAL REVENUE	**2,707,946**	**2,683,538**

4 – AUDITORS' REMUNERATION

	Consolidated	
	2012	**2011**
	$	**$**
Remuneration of the auditor of the parent entity for:		
- Review of the half year financial statements	30,000	21,035
- Audit of the full year financial statements	75,750	56,650
- Audit of the previous year financial statements (i)		766
TOTAL AUDITORS' REMUNERATION	**105,750**	**78,451**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

5 – EXPENSES

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

	Consolidated	
	2012	**2011**
	$	**$**
From continuing operations		
Expenses:		
Cost of sales	1,601,643	1,547,668
Finance costs		
Interest expense - other	40,142	16
Depreciation of:		
Plant and equipment	45,390	53,750
Amortisation of:		
Intangible non-current assets	200,000	200,000
Lease payments:		
Office Rentals	59,859	59,628
Bad and doubtful debts:		
Trade debtors	14,388	3,913
Other debtors	160,961	-
	175,349	3,913
Impairment of assets:		
Current		
Financial assets	43,060	-
Loss on disposal of non-current assets	10,193	-
Net realised loss on short-term investments	14,853	-
From discontinued operations		
Expenses:		
Impairment of assets:		
Non-current		
Exploration expenditure	-	21,645
Depreciation of:		
Plant and equipment	-	479
Bad and doubtful debts:		
Trade debtors	-	(318)
Loss on disposal of non-current assets	-	931

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:	**2012**	**2011**
Net profit / (loss) from ordinary activities	(913,130)	(531,356)
Income tax benefit calculated at 30% (2011: 30%) of operating profit / (loss)	(273,939)	(159,407)
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	138	-
Loss on disposal of fixed assets	3,058	279
Non-deductible expenses	4,029	9,396
Permanent differences in income tax	67,225	69,675
Income tax expense / (benefit) adjusted for permanent differences for operating profit / (loss) and discontinued operations (i)	206,714	89,732
Deferred tax assets not brought to account	(206,714)	(89,732)
Total income tax (benefit) / expense on operating loss calculated at 30% (2010: 30%)	-	-
Current tax	12,720	(29,168)
Deferred tax	193,994	118,900
Deferred tax not recognised	(206,714)	(89,732)
	-	-

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

	2012	2011
Income tax losses	8,971,831	8,765,117
Temporary differences	614,943	514,976
	9,586,774	9,280,093

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

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	
	2012 Cents per Share	**2011 Cents per Share**
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:		
Basic loss per share (cents)	(0.15)	(0.08)
Diluted loss per share (cents)	(0.13)	(0.08)
Loss per share attributable to the ordinary equity holders of the Company:		
Basic loss per share (cents)	(0.15)	(0.10)
Diluted loss per share (cents)	(0.13)	(0.10)
Loss per share		
(a) Basic loss per share		
Loss per share from continuing operations attributable to the ordinary equity holders of the Company	(0.15)	(0.08)
Loss per share from discontinued operations	(0.00)	(0.02)
Total loss per share attributable to the ordinary equity holders of the company	(0.15)	(0.10)
(b) Diluted loss per share		
Diluted loss per share from continuing operations attributable to the ordinary equity holders of the Company	(0.13)	(0.08)
Diluted loss per share from discontinued operations	(0.00)	(0.02)
Total diluted Loss per share attributable to the ordinary equity holders of the company	(0.13)	(0.10)
(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	(900,283)	(448,703)
from discontinued operations	(12,847)	(82,653)
	(913,130)	(531,356)
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	(900,283)	(448,703)
from discontinued operations	(12,847)	(82,653)
	(913,130)	(531,356)
(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	597,118,197	552,528,033
Weighted average number of dilutive options outstanding	28,372,563	28,372,563
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	625,490,760	580,900,596

7 – EARNINGS PER SHARE (Cont.)

<u>Information concerning the classification of securities</u>
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.

<u>Issue of securities after reporting date</u>
No securities have been issued after 30 June 2012.

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 ceased operating as at 30 June 2011, but may be resumed at a later date when market conditions allow.

Telecommunication services
The telecommunications services segment provides the provision of telecommunications equipment and services to all types of customers. This is a new segment due to the acquisition of Unified Business Communications Group Pty Ltd on 31 December 2011. No revenue or expenses for the period to 31 December 2011 are recorded in this report.

Corporate
A segment that handles corporate and administrative 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.

8 – OPERATING SEGMENTS (Cont.)

Segment performance

30 June 2012	Managed Services $	Share Trading & Investments $	Telecommun-ication Services $	Corporate $	TOTAL $
Revenue					
External sales	2,396,863	-	123,877	-	2,520,740
Inter-segment sales	-	-	-	137,449	137,449
Interest revenue	638	-	-	34,537	35,175
Other operating revenue	152,031	-	-	-	152,031
Total segment revenue	**2,549,532**	**-**	**123,877**	**171,986**	**2,845,395**
Reconciliation of segment revenue to group revenue					
Inter-segment elimination					(137,449)
Total group revenue					**2,707,946**
Segment net profit/(loss) before tax	**(149,416)**	**(57,913)**	**(171,088)**	**(479,023)**	**(857,440)**
Reconciliation of segment result to group net profit/(loss) before tax					
Discontinued operations					(12,847)
Inter-segment elimination					(42,843)
Net profit/(loss) before tax					**(913,130)**
Other segment information					
Disposal of plant and equipment	5,829	-	-	4,364	10,193
Interest expense	40,137	-	3	2	40,142
Depreciation expense	39,935	-	549	4,906	45,390
Amortisation expense	200,000	-	-	-	200,000
Impairment of current assets	-	43,060	-	-	43,060
Net bad & doubtful debts	7,705	-	6,683	160,961	175,349

8 – OPERATING SEGMENTS (Cont.)

Segment performance (cont.)

30 June 2011	Managed Services	Share Trading & Investment	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	-	148,072	-	148,072
Total segment revenue	**2,469,950**	**148,072**	**465,806**	**3,083,828**
Reconciliation of segment revenue to group revenue				
Inter-segment elimination				(400,290)
Total group revenue				**2,683,538**
Segment net profit/(loss) before tax	**(571,127)**	**147,133**	**(1,056,595)**	**(1,480,589)**
Reconciliation of segment result to group net profit/(loss) before tax				
Discontinued operations – total expenses				(82,653)
Inter-segment elimination				1,031,886
Net profit/(loss) before tax				**(531,356)**
Other segment information				
Interest expense	-	-	16	16
Depreciation expense	47,506	-	6,244	53,750
Amortisation expense	200,000	-	-	200,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

8 – OPERATING SEGMENTS (Cont.)

Segment assets

As at 30 June 2012	**Managed Services**	**Share Trading & Investments**	**Telecommu-nication Services**	**Corporate**	**TOTAL**
	$	**$**	**$**	**$**	**$**
Segment assets	1,001,955	248,716	145,824	1,039,083	2,435,578
Segment asset increases for the period					
Acquisitions	-	90,502	7,006	-	97,508
Reconciliation of segment assets to group assets					
Inter-segment eliminations					(178,863)
Total group assets					**2,256,715**
Other segment information					
Acquisition of plant and equipment	-	-	7,006	-	7,006

As at 30 June 2011	**Managed Services**	**Share Trading & Investments**	**Corporate**	**TOTAL**
	$	**$**	**$**	**$**
Segment assets	1,294,024	414,768	721,561	2,430,353
Segment asset increases for the period				
Acquisitions	317	77,261	-	77,578
Reconciliation of segment assets to group assets				
Inter-segment eliminations				(50,000)
Total group assets				**2,380,353**
Other segment information				
Acquisition of plant and equipment	317	-	-	317

8 – OPERATING SEGMENTS (Cont.)

Segment liabilities

As at 30 June 2012	Managed Services	Share Trading & Investments	Telecommu-nication Services	Corporate	TOTAL
	$	$	$	$	$
Segment liabilities	2,316,897	-	188,049	6,069,114	8,574,060
Reconciliation of segment liabilities to group liabilities					
Inter-segment eliminations					(6,677,303)
Total group liabilities					**1,896,757**

As at 30 June 2011	Managed Services	Share Trading & Investments	Corporate	TOTAL
	$	$	$	$
Segment liabilities	2,459,550	-	5,427,231	7,886,781
Reconciliation of segment liabilities to group liabilities				
Inter-segment eliminations				(6,720,146)
Total group liabilities				**1,166,635**

(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 funding and providing inventory to customers.

The Group supplies a single external customer in the managed services segment who accounts for 93.40% of external revenue (2011: 96.07%). The next most significant client accounts for 1.36% (2011: 2.69%) of external revenue.

9 – CASH AND CASH EQUIVALENTS

	Consolidated	
	2012	**2011**
	$	**$**
Cash at bank	233,360	174,291
Cash held by third party on behalf of the Group	483	-
	233,843	**174,291**

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

10 – TRADE AND OTHER RECEIVABLES

Current:		
Trade Debtors	77,366	32,510
Less: Provision for impairment of receivables	(43,893)	(3,913)
	33,473	28,597
Other debtors		
Related parties	250	778
Other loans – not related (i)	535,544	492,178
Less: Provision for impairment of receivables	(160,500)	-
	375,294	492,956
Prepayments	42,597	40,798
Accrued revenue	186,876	206,201
	638,240	**768,552**
Less: Prepayments	(42,597)	(40,798)
Total current financial assets – Note 24	**595,643**	**727,754**
Non-current:		
Deposit	**-**	**2,600**

(i) Other loans movements were:

Balance as at 1 July	492,178	288,406
Additions	62,140	141,000
Interest accrued	31,937	62,772
Re-payments	(50,000)	-
Bad debts written off	(461)	-
Less: Provision for impairment of receivables	(160,500)	-
Balance as at 30 June	**375,294**	**492,178**

The loans are charged at either 12% interest or at a $500 fee per week. The loans are repayable on demand.

10 – TRADE AND OTHER RECEIVABLES (cont.)

(a) Impaired trade receivables

As at 30 June 2012 $204,393 of current receivables were impaired (2011 - $3,913).

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

	Consolidated	
	2012	**2011**
	$	**$**
Balance as at 1 July	(3,913)	(3,501)
Provision for impairment written back	3,913	3,501
Provision for impairment recognised during the year	(178,801)	(3,913)
Provision for impairment acquired on business acquisition	(25,592)	-
Balance as at 30 June	**(204,393)**	**(3,913)**

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 2012, trade receivables of $20,026 (2011 - $22,549) 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	
	2012	**2011**
	$	**$**
Current:		
Up to 3 months	33,473	16,775
Over 3 months	-	11,822
	33,473	**28,597**

(c) Other receivables

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

(d) Foreign exchange and interest rate risk

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

(e) Fair value and credit risk

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

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

11 – INVENTORIES

	Consolidated 2012 $	Consolidated 2011 $
Inventory on hand – finished goods	47,068	-

Inventory expense

Inventories recognised as expense during the year ended 30 June 2012 amounted to NIL (2011 - NIL).

12 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Consolidated 2012 $	Consolidated 2011 $
ASX listed equity securities	14,000	14,000
Write-down of stock	(8,960)	(6,160)
	5,040	**7,840**

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 during 2011 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 24.

13 – INVESTMENTS

	Consolidated	
	2012	**2011**
	$	**$**
Current:		
Financial assets available for sale		
Shares in quoted entities – at cost	1,344,030	1,358,189
Less: Allowance for diminution in value	(1,100,690)	(951,261)
Shares in quoted entities at fair value	243,340	406,928
Shares in unquoted entities – at cost	540,000	540,000
Less: Allowance for diminution in value	(540,000)	(540,000)
	243,340	**406,928**

(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 (2011 – NIL). It may be that these shares will have a value in the future, however, being currently unlisted and having no determinable value they are currently carried at NIL value.

(b) Investments in related parties

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

(c) Impairment and risk exposure

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

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

The movements in impairment of financial assets available for sale have been stated in the statements of changes of equity and comprehensive income – 2012: $108,833 (2011: $238,477). The movement is based on the change in bid price or managements assessment of recovery.

14 – PLANT AND EQUIPMENT

	Consolidated	
	2012	**2011**
	$	**$**
Plant & equipment		
At cost	181,863	321,067
Accumulated depreciation	(135,480)	(225,925)
Total plant & equipment at net written down value	**46,383**	**95,142**
Reconciliations		
Plant & equipment		
Carrying amount at beginning of year	95,142	149,985
Additions	7,006	317
Disposals	(10,193)	(931)
Depreciation	(45,572)	(54,229)
Carrying amount at end of year	**46,383**	**95,142**

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	4,408,561	4,272,992
Accumulated impairment	(3,697,992)	(3,697,992)
	710,569	**575,000**
Identifiable customer contract - finite		
Cost	1,000,000	1,000,000
Accumulated amortisation	(850,000)	(650,000)
	150,000	**350,000**
Customer lists acquired		
Cost	181,897	-
Accumulated impairment	-	-
	181,897	**-**
Capitalised exploration expenditure		
Cost	-	1,020,215
Accumulated impairment	-	(1,020,215)
	-	**-**
Total Intangible assets	**1,042,466**	**925,000**

15 – INTANGIBLE ASSETS (Cont.)

Consolidated	Mirrus Goodwill	Mirrus Customer Contract	Pangaea Exploration Expenditure	TOTAL
	$	$	$	$
30 June 2011				
Opening net book amount	575,000	550,000	-	1,125,000
Amortisation expense	-	(200,000)	-	(200,000)
Additions – exploration expenditure	-	-	21,645	21,645
Impairment charge	-	-	(21,645)	(21,645)
Closing net book amount	**575,000**	**350,000**	**-**	**925,000**

Consolidated	Mirrus Goodwill	Mirrus Customer Contract	UBCG Goodwill	UBCG Customer Lists	TOTAL
30 June 2012					
Opening net book amount	575,000	350,000	-	-	925,000
Amortisation expense	-	(200,000)	-	-	(200,000)
Acquisition	-	-	135,569	181,897	317,466
Impairment charge	-	-	-	-	-
Closing net book amount	**575,000**	**150,000**	**135,569**	**181,897**	**1,042,466**

(i) Impairment disclosures

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

	2012	2011
	$	$
Goodwill		
Managed Services- Mirrus Pty Limited	575,000	575,000
Telecommunication services- Unified Business Communications Group Pty Limited	135,569	-
TOTAL	**710,569**	**-**

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 9 months.

15 – INTANGIBLE ASSETS (Cont.)

(iii) Impairment tests for goodwill

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

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

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

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 2012. The retention in the value of goodwill is considered appropriate.

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.
- Net present value of terminal value of 4 times the projected net profit for 2017
- 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.

Unified Business Communications Group Pty Ltd

The Board has retained the acquisition value of goodwill in Unified Business Communications Group Pty Limited at $135,568 as at 30 June 2012. The retention in the value of goodwill is considered appropriate given UBCG Pty Ltd was only acquired at 31 December 2011 and the business performance for the six months to 30 June 2012 has been encouraging.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

16 – TRADE AND OTHER PAYABLES

	Consolidated	
	2012	**2011**
	$	**$**
Current (unsecured):		
Trade creditors	493,247	251,740
GST / PAYG payable	418,408	598,808
Sundry creditors and accrued expenses	154,791	100,610
	1,066,446	**951,158**

17 – BORROWINGS

	Consolidated	
	2012	**2011**
	$	**$**
Current (unsecured):		
Loan – amortised cost	383,767	119,000
Loan by related party – amortised cost	388,985	47,162
	772,752	**166,162**
Balance as at 1 July	166,162	-
Additions	478,895	166,162
Loans acquired on acquisition of UBCG	235,757	-
Interest accrued	14,637	-
Re-payments	(122,699)	-
Balance as at 30 June	**772,752**	**166,162**

Except for the related party loan to the parent company all the loans are interest free. The loans are due for repayment on demand.

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

18 – PROVISIONS

Current		
Annual leave	44,130	41,538
Long service leave	13,429	7,777
Total provisions	**57,559**	**49,315**
Balance as at 1 July	49,315	26,685
Additions	8,244	22,630
Balance as at 30 June	**57,559**	**49,315**

19 – CONTRIBUTED EQUITY

	Consolidated	
	2012	**2011**
Share capital	**$**	**$**
637,528,033 (2011: 552,528,033) fully paid ordinary shares	23,305,633	23,137,430

Ordinary shares	**2012**		**2011**	
	No.	**$**	**No.**	**$**
Movements during the year				
Balance at beginning of financial year	552,528,033	23,137,430	552,528,033	23,137,430
Issue of shares:				
- 21/12/11 shares @ $0.002 each (i)	85,000,000	170,000	-	-
Share placement fees	-	(1,797)	-	-
Total consolidated entity movements during the year	**85,000,000**	**168,203**	**-**	**-**
Balance for consolidated entity at end of financial year	**637,528,033**	**23,305,633**	**552,528,033**	**23,137,430**

(i) 85,000,000 shares issued for consideration of acquisition of Unified Business Communications Group Pty Ltd. Shares were valued at $0.002 (0.20 cents).

(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 2011: 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
2012						
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 2012 was $0.000 (2011 – $0.000).

The weighted average remaining contractual life of share options outstanding at the end of the period was 0.67 years (2011 – 1.67 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
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**

Shares and Options are issued at the discretion of the Directors, where appropriate or necessary, with the approval of shareholders.

(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.

There have been no changes in the strategy adopted to control the capital of the Group since the prior year. The gearing ratios for the year ended 30 June 2012 and 30 June 2011 are:

		Consolidated	
	Note	2012 $	2011 $
Total borrowings	17	772,752	166,162
Less cash and cash equivalents	9	(233,843)	(174,291)
Net debt		(538,909)	(8,129)
Total equity		359,958	1,213,718
Total capital		**(178,951)**	**1,205,589**
Gearing ratio		(67%)	(1%)

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FOR THE YEAR ENDED 30 JUNE 2012

20 – RESERVES & ACCUMULATED LOSSES

(a) Reserves

	Consolidated	
	2012	**2011**
	$	**$**
Reserves		
Available-for-sale investments revaluation reserve	-	108,833
Options reserve	1,146,000	1,146,000
	1,146,000	**1,254,833**

Movements		
Available-for-sale investments revaluation reserve		
Balance at beginning of financial year	108,833	347,310
Movement in value of financial assets available-for-sale	(108,833)	(238,477)
Part reversal of prior year Impairment of financial assets available-for-sale	-	-
Balance at end of financial year	**-**	**108,833**
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**

(b) Accumulated losses

Movements		
Balance at beginning of financial year	(23,178,545)	(22,647,189)
Net profit / (loss) attributed to members of the parent entity	(913,130)	(531,356)
Balance at end of financial year	**(24,091,675)**	**(23,178,545)**

21 – DISCONTINUED OPERATIONS

Pangaea Metals Ltd

(a) Description

On 30 June 2011 the Company ceased operations for the time being in its exploration mining subsidiary, Pangaea Metals Ltd, which has been reported in this financial report as a discontinued operation though it may resume operations if market conditions improve.

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

	Current Year 30 Jun 2012 $	Previous Year 30 Jun 2011 $
Revenue	-	-
Less expenses	(12,847)	(40,472)
Profit / (Loss) attributable to members of the parent entity	**(12,847)**	**(40,472)**

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

Net cash (outflow) from operating activities	(4,483)	(11,854)
Net cash (outflow) from investing activities	-	(21,645)
Net cash inflow / (outflow) from financing activities	4,503	33,378
Net increase / (decrease) in cash generated by discontinued business	**20**	**(121)**

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 2011 and 30 June 2012

	Current Year 30 Jun 2012 $	Previous Year 30 Jun 2011 $
Cash	46	26
Receivables	-	-
Total assets	**46**	**26**
Less:		
Creditors	(24,611)	(16,247)
Loans with holding company	(1,596,196)	(1,591,693)
Total liabilities	**(1,620,807)**	**(1,607,940)**
Net (deficiency in) assets	**(1,620,761)**	**(1,607,914)**

22 – BUSINESS COMBINATION

On 21 December 2011 the parent entity acquired 100% of the issued capital of Unified Business Communications Group Pty Ltd, a telecommunications company, for a purchase consideration of $400,000.

The acquisition is part of the Group's aim to deliver value accretive transactions for shareholders.

Through acquiring 100% of the issued capital of Unified Business Communications Group Pty Ltd, the Group has obtained control of the company.

The purchase was satisfied by the issue of 85,000,000 ordinary shares at an issue price of 0.2 cents each and the payment of the remainder of the consideration ($230,000) by further shares, subject to the entity achieving profitability.

Purchase consideration	**Fair Value $**
Cash	-
Equity issued - 85,000,000 shares @ 0.2 cents	170,000
Debt - balance payable (conditional)	230,000
Total	**400,000**

The assets and liabilities arising from the acquisition are as follows:

	Fair Value $
Cash	10,495
Receivables	191,467
Inventories	93,313
Property, plant and equipment	6,823
Intangibles	46,329
Payables	(39,136)
Borrowings	(176,623)
Provisions	(3,804)
Identifiable assets acquired and liabilities assumed	**128,864**
Customer List	**135,568**
Goodwill on acquisition	**135,568**
Purchase consideration settled in cash @ 31 December 2011	**-**
Cash outflow on acquisition	**-**

23 - NOTES TO THE STATEMENTS OF CASH FLOWS

	Consolidated	
	2012	**2011**
	$	**$**
(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	**233,843**	**174,291**
(b) Reconciliation of loss after income tax to net cash flows from operating activities		
Profit / (loss) after related income tax	(913,130)	(531,356)
Add / (less) investing & financing activities:		
Proceeds from sale of equity investments	(89,808)	(229,382)
Cost of sale of equity investments	104,661	85,175
Net loans to third parties	-	141,779
Add / (less) non-cash items:		
Depreciation and amortisation	245,390	254,229
Impairment of non-current assets	-	21,645
Impairment of financial assets	43,060	(3,360)
Disposal of plant and equipment	10,193	931
Accrued Interest	(143,830)	-
Adjustment for acquisition of UBCG Pty Ltd	36,002	-
Doubtful debts	178,801	-
Net cash provided by / (used in) operating activities before changes in assets and liabilities	**(528,661)**	**(260,339)**
Changes in assets and liabilities during the financial year:		
(Increase) / decrease in assets		
Trade debtors	(4,876)	2,136
Other debtors	135,188	33,085
Inventories	(47,068)	-
Non-current receivables	2,600	-
Increase / (decrease) in liabilities		
Trade & other payables	115,288	(106,783)
Provisions	8,244	22,450
Net cash provided by / (used in) operating activities	**(319,285)**	**(309,451)**

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 has been a provision applied to a third party debt for the repayment of interest and principal. The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out in note 24(c).

(ii) Foreign Currency Risk

The consolidated entity was exposed to fluctuations in foreign currencies arising from the purchase of 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 2012 US$	30 June 2011 US$
Financial assets available for sale	27,319	40,615

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 2012-2013 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 statement of financial position 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 statement of financial position.

	Weighted Average Effective Interest Rate (Per Annum)		Floating Interest Rate Within 1 Year	
Consolidated Group	**2012 %**	**2011 %**	**2012 $**	**2011 $**
Financial assets - current				
Cash assets	1%	1%	233,843	174,291
Trade and other receivables – amortised cost	6%	12%	-	-
Financial assets at fair value through profit and loss	-	-	-	-
Financial assets available for sale	-	-	-	-
Total Financial Assets - current			**233,843**	**174,291**
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	10%	-	-	-
Borrowings – amortised cost	-	-	-	-
Total Financial Liabilities - current			**-**	**-**

24 – FINANCIAL RISK MANAGEMENT (cont.)

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

	Fixed Interest Rate Within 1 Year		**Non-Interest Bearing**	
Consolidated Group	**2012 $**	**2011 $**	**2012 $**	**2011 $**
Financial assets - current				
Cash assets	-	-	-	-
Trade and other receivables – amortised cost	363,612	492,175	232,031	235,579
Financial assets at fair value through profit and loss	-	-	5,376	7,840
Financial assets available for sale	-	-	243,340	406,928
Total Financial Assets - current	**363,612**	**492,175**	**480,747**	**691,145**
Financial assets – non current				
Trade and other receivables – amortised cost	-	-	-	2,600
Financial liabilities - current				
Trade and other payables – amortised cost	-	-	1,066,446	951,158
Amounts payable related parties – amortised cost	253,228	-	135,757	47,162
Borrowings – amortised cost	-	-	383,767	119,000
Total Financial Liabilities - current	**253,228**	**-**	**1,585,970**	**1,117,320**

	TOTAL	
Consolidated Group	**2012 $**	**2011 $**
Financial assets - current		
Cash assets	233,843	174,291
Trade and other receivables – amortised cost	595,643	727,754
Financial assets at fair value through profit and loss	5,376	7,840
Financial assets available for sale	243,340	406,928
Total Financial Assets - current	**1,078,202**	**1,316,813**
Financial assets – non current		
Trade and other receivables – amortised cost	**-**	**2,600**
Financial liabilities - current		
Trade and other payables – amortised cost	1,066,446	951,158
Amounts payable related parties – amortised cost	388,985	47,162
Borrowings – amortised cost	383,767	119,000
Total Financial Liabilities - current	**1,839,198**	**1,117,320**

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	
	2012 **$**	**2011** **$**
Less than 6 months	747,661	537,575
6 months to 1 year	60,000	150,000
1 to 5 years	258,785	263,583
TOTAL	**1,066,446**	**951,158**

(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.

24 – FINANCIAL RISK MANAGEMENT (cont.)

(d) Net Fair Values (cont.)

	2012		2011	
	Net Carrying Value $	Net Fair Value $	Net Carrying Value $	Net Fair Value $
Financial Assets				
Cash and cash equivalents	233,843	233,843	174,291	174,291
Trade and other current receivables	595,643	595,643	727,754	727,754
Trade and other non current receivables	-	-	2,600	2,600
Available-for-sale financial assets at fair value	248,716	248,716	414,768	414,768
TOTAL	**1,078,202**	**1,078,202**	**1,319,413**	**1,319,413**
Financial Liabilities				
Trade and other payables	1,066,446	1,066,446	951,158	951,158
Amounts payable related parties	388,985	388,985	47,162	47,162
Borrowings	383,767	383,767	119,000	119,000
TOTAL	**1,839,198**	**1,839,198**	**1,117,320**	**1,117,320**

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.)

2012	Level 1 $	Level 2 $	Level 3 $	TOTAL $
Financial Assets				
Financial assets at fair value through profit or loss:				
- Investments held-for-trading	5,376	-	-	5,376
Available for sale financial assets:				
- Listed investments	243,340	-	-	243,340
TOTAL	**248,716**	**-**	**-**	**248,716**
2011				
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**

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 2012, 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	
	2012 $	**2011 $**
Change in Profit		
Improvement in AUD to USD by 10%	2,774	4,688
Decline in AUD to USD by 10%	(2,774)	(4,688)
Change in Equity		
Improvement in AUD to USD by 10%	2,774	4,688
Decline in AUD to USD by 10%	(2,774)	(4,688)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

24 – FINANCIAL RISK MANAGEMENT (cont.)

(e) Sensitivity Analysis (cont.)

(ii) Price Risk Sensitivity Analysis

At 30 June 2012, 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	
	2012	**2011**
	$	**$**
Change in Profit		
Increase in ASX Share prices by 10%	24,872	41,477
Decrease in ASX Share prices by 10%	(24,871)	(41,477)
Change in Equity		
Increase in ASX Share prices by 10%	24,872	41,477
Decrease in ASX Share prices by 10%	(24,871)	(41,477)

(iii) Interest Rate Risk Sensitivity Analysis

At 30 June 2012 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	
	2012	**2011**
	$	**$**
Change in Profit		
Increase in variable interest rate of 1%	1,933	2,969
Decrease in variable interest rate of 1%	(1,933)	(2,969)
Change in Equity		
Increase in variable interest rate of 1%	1,933	2,969
Decrease in variable interest rate of 1%	(1,933)	(2,969)

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 2012

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	2012 %	2011 %
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	Ordinary	100	100
Pangaea Metals Ltd	Ordinary	100	100
Unified Business Communications Group Pty Ltd (i)	Ordinary	100	0

(i) Acquired on 21 December 2011.

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	
	2012 $	2011 $
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	3,227	38,629
Later than one year but not later than five years	-	3,227
	3,227	**41,856**
Representing:		
Operating lease on premises	**3,227**	**41,856**

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

26 – COMMITMENTS (cont.)

	Consolidated	
	2012	**2011**
	$	**$**
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	-	-
Between one and five years	-	-
	-	**-**
Representing:		
Exploration mining leases	-	-

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	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Revenue				
Administration service fee paid by Mirrus Pty Ltd, a wholly-owned controlled entity of Broad Investments Ltd	-	-	137,449	400,290

(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	Mirrus Pty Ltd

27 – RELATED PARTY TRANSACTIONS (cont.)

(e) Key management personnel compensation

	Consolidated	
	2012	**2011**
	$	**$**
Short-term employee benefits	417,615	404,875
Share based payments	-	-
Post employment benefits	12,385	12,385
TOTAL	**430,000**	**417,260**

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:

2012	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	-	-	-

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	-	-	-

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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 2012 Rent, General Office & Reception Expenses, Electricity & Telephone Expenses, Hosting & IT Fees totalling $63,966 were paid or reimbursed to ManageNet Pty Ltd (2011: $113,920). 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 2012 ManageNet Pty Ltd owed Broad Investments $250 for reimbursement of telephone expenses (2011: $463) – no interest will be charged and payment will be made within 30 days.

Loans of $328,765 were made to Broad Investments Limited by Raxigi Pty Ltd, a company Vaz Hovanessian is a director and major shareholder. $122,699 was repaid by 30 June 2012. The loan is interest free and is repayable on demand.

Unified Business Communications Group Pty Ltd had a loan with Raxigi Pty Ltd, a company Vaz Hovanessian is a director and major shareholder, of $135,757 when it was acquired by Broad Investments Limited on 21 December 2011. This loan is interest free and is repayable on demand.

Loans	Opening Balance	Loans Advanced by	Loans Acquired	Repayments	Interest Charged	Closing Balance
2012						
Raxigi Pty Ltd	47,162	328,765	135,757	(122,699)	-	388,985

2011 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 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 – no interest will be charged and payment will be made within 30 days.

During the year ended 30 June 2010 Broad Investments Limited acquired 41,666,660 shares for $150,000 in Rico Resources Limited, 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.

27 – RELATED PARTY TRANSACTIONS (cont.)

(g) Other transactions with Directors

2011 Comparative Related Party Transactions

As at 30 June 2011 Strathfield Group Ltd, in which Vaz Hovanessian is a Director and Shareholder owed Broad Investments $316 for reimbursement of telephone expenses – no interest will be charged and payment will be made during the next financial year.

Loans	Opening Balance	Loans Advanced to	Repayments	Interest Charged	Interest Received	Closing Balance
2011						
ManageNet Pty Ltd	-	28,739	28,276	-	-	463
Strathfield Car Radio Ltd	-	316	-	-	-	316

Expenses for the printing and distribution of the Broad Investments Ltd 2010 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.

Loans of $791,792 were made to Broad Investments Limited by Raxigi Pty Ltd, a company Vaz Hovanessian is a director and major shareholder. $745,287 was repaid by 30 June 2011. The loan is interest free and is repayable on demand.

Loans	Opening Balance	Loans Advanced by	Repayments	Interest Charged	Interest Received	Closing Balance
2011						
Raxigi Pty Ltd	657	791,792	745,287	-	-	47,162

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	
	2012	**2011**
	$	**$**
Expenses		
Directors Fees	260,000	240,000
Rent & General Office Expenses (i)	15,624	57,500
Meeting Costs (ii)	-	5,455
Computer Expenses – Hosting Services (iii)	48,342	56,420

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

27 – RELATED PARTY TRANSACTIONS (cont.)

(g) Other transactions with Directors

(i) 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.

(ii) Expenses for the printing and distribution of the Broad Investments Ltd 2010 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.

(iii) Computer hosting services for the subsidiary, Mirrus Managed Services, 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.

28 – CONTINGENT LIABILITIES

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.

29 - SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

As at the date of this report no material events have occurred subsequent to balance date.

DIRECTORS' DECLARATION

The directors of the company declare that:

(a) the financial statements and notes are in accordance with the Corporations Act 2001 and:

- (i) comply with Accounting Standards which, as stated in accounting policy note 1 to the financial statements constitutes explicit and unreserved compliance with International financial Reporting Standards;
- (ii) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company and consolidated group; and
- (iii) the remuneration disclosures set out on pages 8 to 10 of the director's report comply with Accounting standard AASB124 Related Party Disclosures and the Corporations Regulations; and

(b) the Chief Executive / Finance Officer has declared that:

- (i) the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
- (ii) the financial statements and notes for the financial year comply with the Accounting Standards; and
- (iii) the financial statements and notes for the financial year give a true and fair view; and

(c) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Vaz Hovanessian
Chairman

31 August 2012

CORPORATE DIRECTORY

Directors	Vaz Hovanessian – Executive Chairman Neil Gibson – Non executive Director Johannes Scholtz – Non executive Director
Company Secretary	Vaz Hovanessian – Bach. Bus., M.App.Fin., CPA., FCSA.
Registered Office	15 Whiting Street Artarmon, NSW. 2064 Postal: PO Box 126, Artarmon, NSW. 1570 Telephone: (02) 9425 0000 Facsimile: (02) 9425 0099
Share Registry	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross, WA. 6153 Postal: PO Box 535, Applecross, WA. 6953 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
Auditors	Crowe Horwath Sydney Level 15, 309 Kent Street Sydney, NSW. 2000
Legal Advisors	Weir & Strempel Barristers & Solicitors 50 Strathalbyn Street, East Kew, VIC. 3102
Bankers	Commonwealth Bank of Australia Ltd 120 Pitt Street SYDNEY NSW 2000
Securities Exchange Listing	The Company is listed on: Australian Securities Exchange ASX Code: BRO