

BigAir Group Limited
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BigAir Group Limited Interim Profit Release - Strong half-year growth in Revenue and Gross Profit

SYDNEY, Australia – February 22nd, 2007 – BigAir Group Limited (ASX:BGL) announced today its interim Profit Results for the Half Year ended December 31 2006.

Summary	Half-year ended 31 Dec 2005 \$	Half-year ended 31 Dec 2006 \$	Movement \$	% Change
Total Revenue	2,903,874	4,656,055	1,752,181	60.3 % increase
Gross Profit	872,474	1,580,740	708,266	81.2% increase
Gross Profit (as % Rev)	30%	34%	4%	13% increase
Earnings per share	(1.9) cents	(1.0) cents		
Closing cash balance	294,437	3,886,995	3,592,558	

BigAir achieved a 60% increase in total revenues, to \$4.7 million, and an 81% increase in Gross Profit, to \$1.6 million, for the six months ended 31 December 2006 compared to the corresponding 2005 period. The Gross Profit margin also expanded to 34% from 30% previously due to the increasing share of revenue attributable to its Fixed Wireless division and increased scale of operations, as well as benefits from integrating previously acquired customers. Management expects the gross profit margin improvement to continue in the second half. The growth in fixed wireless revenues was particularly pleasing.

The comparisons against the immediate preceding Half Year period ending 30 June 2006 are encouraging as they show an improvement in Gross Profit of 40% and an improvement in the EBITDA loss of 31%. The net loss was also reduced by 10%.

	Half-year ended 30 June 2006 \$	Half-year ended 31 Dec 2006 \$	Movement \$	% Change
Total Revenue	3,985,984	4,656,055	670,071	16.8% increase
Gross Profit	1,127,673	1,580,740	453,066	40.2% increase
Gross Profit (% Rev)	28.3%	34.0%	5.7%	20% increase
EBITDA loss	(778,349)	(535,274)	243,075	31.2% decrease
EBITDA loss (% Rev)	(19.5%)	(11.5%)	(8.0%)	41.1% decrease
Net Loss	(900,961)	(813,939)	(87,022)	9.7% decrease
Net Loss (% Rev)	(22.6%)	(17.5%)	(5.1%)	22.6% decrease

Review of Operations

The company has undertaken a significant review and expansion of its sales and marketing activities in order to make them more effective and more responsive to changing market conditions and opportunities in both the fixed wireless and mobile wireless markets. The company has also taken active steps to put strategies in place to increase customer loyalty and retention and improve its customer care capabilities.

These initiatives have contributed to higher employee related expenses and sales and marketing expenses in the first half however this trend is not expected to continue in the second half. In addition the corporate and administration expenses are substantially higher than the corresponding Half Year period in the previous financial year which is in part due to the addition of ASX listed company expenses. The depreciation and amortisation expenses increased mainly due to the amortisation of the customer bases acquired in the previous period.

	Half-year ended 31 December 2005 \$	Half-year ended 31 December 2006 \$	Movement \$	% Growth
Mobile Wireless division	2,425,307	3,669,848	1,244,541	51.3%
Fixed Wireless division	478,567	986,207	507,640	106.1%
Total Wireless Revenues	2,903,874	4,656,055	1,752,181	60.3%

Fixed Wireless revenues more than doubled to approx \$1 million in the six month period under review and its share of total operating revenues rose from 16% in the previous corresponding period to 21%. This division generates very high margins as it sells very high speed broadband capacity from the company's own wireless broadband network in Sydney to SME and Corporate customers through its direct sales team and its wholesale and reseller partnerships. The strong growth in this division was in part driven by new business customers and also new wholesale partnerships including Virtual Offis and MyNetFone. In addition the integration of the Whome business unit increased the fixed wireless revenues.

Mobile Wireless revenues increased by 51% versus the previous corresponding period to \$3.7 million. The company expanded its mobile wireless service offerings during the Half Year with an expanded relationship with Unwired to offer its mobile laptop card and to extend coverage to Melbourne. The iBurst offering has also been extended to include parts of Adelaide and Perth, which complements the existing coverage in Sydney, Melbourne, Brisbane, Canberra and the Gold Coast.

Highlights and Achievements

In November 2006, BigAir was ranked 4th fastest overall in Australia in the 2006 Deloitte Technology Fast 50 award, for achieving 4,317 percent revenue growth over the last three years. Although coming off a low base, this award nonetheless acknowledges the company's positioning in the fastest growing sector of the telecommunications industry.

BigAir is the only company in Australia providing high speed data communications services to business, professional and retail customers over three state of the art wireless broadband networks. Accordingly, the company is currently testing several new technologies reflecting its commitment to leading the industry in implementing state of the art wireless services in Australia.

- In February 2006, BigAir commenced trials of WiMAX technologies in Sydney which are ongoing.

- BigAir successfully completed a technical trial in late December 2006 offering symmetrical speeds of up to 1 Gigabit per second. This is significantly faster than any existing wireless services available commercially in Australia and delivers speeds comparable to optical fibre. The company is planning a Gigabit wireless product launch for later in 2007.

Since launching its wholesale channel partnership program in September 2006 the company now has agreements with twenty organisations to deliver its high speed fixed wireless broadband services, which compete against SHDSL and fibre optic service offerings. Channels program partners include MyNetFone Limited (ASX:MNF), one of Australia's leading VoIP service providers which will be delivering integrated VoIP and data solutions to the business market using BigAir's fixed wireless network.

Market Outlook

The market outlook for wireless broadband is exciting. In the 18 months to September 2006 the number of wireless broadband subscribers grew nearly 400% to 186,000 according to figures released by the Australian Bureau of Statistics (ABS). Wireless Broadband now accounts for five percent of the total number of broadband users in Australia.

Business Outlook and Guidance

As the only company with both fixed and mobile wireless network capabilities BigAir Group has an unrivalled opportunity to capitalise on the rapid growth in demand for broadband communications. Moreover, the company's own fixed wireless network in Sydney provides "fibre in the sky" capabilities to the business, corporate and government sectors, many of whom are located in suburban areas where DSL is the only option and inadequate for their needs.

The company's strategy continues to be focussed on building the customer base of each of the networks and in particular increasing utilisation of the fixed wireless network. To this end, the company will continue to develop its wholesale channel partnership program and seek to introduce products and services that address new and evolving opportunities such as VoIP and the multi-dwelling residential sector.

The company expects strong revenue growth through aggressive sales and marketing and further roll-out of the wholesale partnering program whilst margins will expand as the share of revenue attributable to the Fixed Wireless network expands and as efficiencies are gained in the overhead structure from increased business scale. These initiatives are already delivering improvements with Gross Profit improving by 40% and the EBITDA loss reduced by 31% in this period compared to the previous half year period. Whilst sales and marketing expenses are expected to remain relatively high as the business continues to grow it is anticipated that the EBITDA will continue to improve in the second half.

About BigAir Group Limited

BigAir is a wireless broadband service provider which offers high speed data telecommunications services to customers over 3 state of the art wireless networks in Australia. BigAir owns and operates its own fixed wireless network covering the Sydney metro area, and is the largest provider of customer services on the iBurst mobile wireless network with coverage in all Australian Eastern Capital cities. BigAir also provides services on the Unwired network which has coverage in Sydney and Melbourne. Access to these networks position BigAir as the only integrated wireless service provider in Australia. BigAir is a Licensed Telecommunications Carrier and is expanding its own network across Sydney, with plans to rollout in other capital cities, using carrier-grade high-speed wireless equipment. BigAir is able to offer a range of communication solutions including high-speed symmetric broadband from 2M to 100M, Layer 2 and VPN services, hosting and co-location of servers in secure data centre environment, and more recently business-grade Voice over IP (VoIP) services. BigAir is able to offer a comprehensive range of advanced wireless communications services to Australian businesses. For more information, please visit www.bigair.com.au.

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BigAir Group Limited
ASX Appendix 4D and Half-Year
Financial Report for the half-year
ended 31 December 2006

BigAir Group Limited

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BigAir Group Limited

Results for announcement to market

Current reporting period – half year ended 31 December 2006

Previous reporting period – half year ended 31 December 2005

Results				A\$
Revenues from ordinary activities	Up	60%	To	4,656,055
Loss after tax attributable to members	Up	88%	To	(813,939)
Net loss for the period attributable to members	Up	88%	To	(813,939)

Dividends (distributions)	Amount per security	Franked amount per security
Current period		
Interim dividend declared	0.0 ¢	0.0 %
Final dividend paid	0.0 ¢	0.0 %
Previous corresponding period		
Interim dividend declared	0.0 ¢	0.0 %
Final dividend paid	0.0 ¢	0.0 %
Record date for determining entitlements to the dividend.	N/A	
The last date(s) for receipt of election notices for the dividend or distribution plans	N/A	

Brief explanation of revenue, net profit and dividends (distributions).

See review of operations in the directors' report included in the financial statements.

BigAir Group Limited

Other information required to be given to ASX under listing rule 4.2A.3

1. Net tangible assets per security	Current period	Previous corresponding Period (31 December 2005)
Net tangible assets per security (cents)	3.4 cents	(6.6) cents

2. Details of entities over which control has been gained or lost during the period

No control was gained or lost over any entities during the period.

3. Details of dividend payments

No dividends have been paid during the period.

4. Dividend re-investment plan

No dividend re-investment plan is in operation.

5. Associates or joint ventures

The Group had no associates or joint ventures during or at the end of the period.

6. Audit/review

The financial statements are not subject to review dispute or qualification.

BigAir Group Limited

Directors' report

The directors of BigAir Group Limited submit herewith the financial report for the half-year ended 31 December 2006. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the half-year are:

- Anthony Tobin
- Shane Allan
- Anne Lenagan
- Jason Ashton
- Ivan Hurwitz
- Nigel Jeffries

The above named directors held office of the company during and since the end of the half-year except for:

Ivan Hurwitz – resigned 3 November 2006

Review of operations

For the 2006 half year, BigAir Group Limited's revenue increased by 60.3% from the comparable period in 2005 of \$2,903,874 to \$4,656,055. Gross profit also increased by 81.2% to \$1,580,740 from \$872,474 during the same period.

	Half-year ended 31 December 2005 \$	Half-year ended 31 December 2006 \$	Movement \$	% Change
Total Revenue	,903,874	4,656,055	1,752,181	60.3 % increase
Gross Profit	872,474	1,580,740	708,266	81.2% increase
Gross Profit (% Rev)	30%	34%	4%	13% increase
Net Loss	(432,183)	(813,939)	(381,756)	88% increase
Net Loss (% Rev)	14.9%	17.5%	(2.6%)	17.4% increase

The high level of growth in the company's fixed wireless broadband services along with the integration of the businesses acquired during the previous periods have resulted in a double digit increase in its average gross profit margin from 30% to 34% of revenues. Management expects the gross profit margin improvement to continue in the second half.

BigAir Group Limited

Directors' report (cont'd)

Review of operations (cont'd)

The company has undertaken a significant review and expansion of its sales and marketing activities in order to make them more effective and more responsive to changing market conditions and opportunities in both the fixed wireless and mobile wireless markets. The company has also taken active steps to put strategies in place to increase customer loyalty and retention and improve its customer care capabilities. These initiatives have contributed to higher employee related expenses and sales and marketing expenses in the first half however this trend is not expected to continue in the second half. In addition the corporate and administration expenses are substantially higher than the corresponding half year period in the previous financial year which is in part due to the addition of ASX listed company expenses. The depreciation and amortisation expenses increased mainly due to the amortisation of the customer bases acquired in the previous period.

The comparisons against the immediate preceding half year period ended 30 June 2006 are encouraging as they show an improvement in gross profit of 40.2% and a reduction of the EBITDA loss of 31.2%. The net loss was also reduced by 9.7%.

	Half-year ended 30 June 2006 \$	Half-year ended 31 December 2006 \$	Movement \$	% Change
Total Revenue	3,985,984	4,656,055	670,071	16.8% increase
Gross Profit	1,127,673	1,580,740	453,067	40.2% increase
Gross Profit (% Rev)	28.3%	34.0%	5.7%	20% increase
EBITDA loss	(778,349)	(535,274)	243,075	31.2% decrease
EBITDA loss (% Rev)	(19.5%)	(11.5%)	(8.0%)	41.1% decrease
Net Loss	(900,961)	(813,939)	(87,022)	9.7% decrease
Net Loss (% Rev)	(22.6%)	(17.5%)	(5.1%)	22.6% decrease

The growth and performance in the companies major business units was encouraging when compared with the immediate preceding half year period ended 30 June 2006 –

	Half-year ended 31 December 2005 \$	Half-year ended 31 December 2006 \$	Movement \$	% Change
Mobile Wireless division	2,425,307	3,669,848	1,244,541	51.3% increase
Fixed Wireless division	478,567	986,207	507,640	106.1% increase
Total Wireless Revenues	2,903,874	4,656,055	1,752,181	60.3% increase

The triple digit growth in the companies Fixed Wireless services is a result of both the company's recent entry into the Reseller and Wholesale market as well as its integration of its Whome business unit. Since launching its wholesale channel partnership program in September 2006 the company now has agreements with more than twenty organisations to deliver its high speed fixed wireless broadband services, which compete against SHDSL and fibre optic service offerings. Channels program partners include MyNetFone Limited (ASX:MNF), one of Australia's leading VoIP service providers who will be delivering integrated VoIP and data solutions to the business market using BigAir's fixed wireless network.

BigAir Group Limited

Directors' report (cont'd)

Review of operations (cont'd)

During the reporting period the company also received a 2006 Deloitte Technology Fast 50 award, ranked 4th fastest growing technology company in Australia for achieving 4,317 percent revenue growth over the last three years.

BigAir is committed to leading the industry in the development and commercialisation of state of the art wireless broadband services in Australia and is currently testing the following new technologies.

- 802.16 WiMAX wireless broadband is currently in testing phase on BigAir's Sydney network with commercial rollout expected during 2007.
- Super high-speed Gigabit speed wireless broadband systems are also under testing. BigAir completed its first successful Gigabit broadband wireless trials in December 2006 which offers symmetrical speeds of up to 1 Gbit per second (1000 times faster than 1Mbps ADSL). After completion of the successful technical trial the company is now planning a product launch for these services during 2007.

Auditor's independence declaration

The auditor's independence declaration is included on page 6 of the half-year financial report.

Signed in accordance with a resolution of the directors made pursuant to s.306 (3) of the Corporations Act 2001.

On behalf of the directors



A J Tobin
Non-Executive Chairman
Director

Sydney, 22 February 2007

The Board of Directors
BigAir Group Limited
Level 3
59 Buckingham Street
Surry Hills NSW 2010

22 February 2007

Dear Sirs

BigAir Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of BigAir Group Limited.

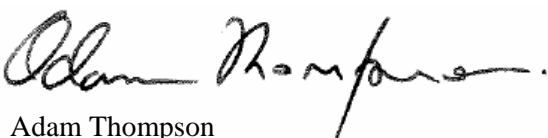
As lead audit partner for the review of the financial statements of BigAir Group Limited for the half-year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Adam Thompson
Partner
Chartered Accountants

Independent Auditor's Review Report to the Members of BigAir Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BigAir Group Limited, which comprises the consolidated balance sheet as at 31 December 2006, and the consolidated income statement, cash flow statement, statement of recognised income and expense for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated BigAir Group Limited's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BigAir Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

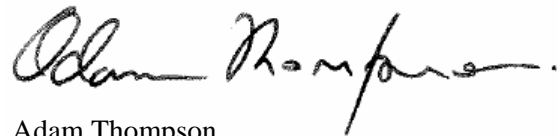
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BigAir Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



DELOITTE TOUCHE TOHMATSU



Adam Thompson

Partner

Chartered Accountants

Sydney, 22 February 2007

BigAir Group Limited

Directors' declaration

The directors declare that:

- a) 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; and
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303 (5) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'A J Tobin', followed by a period.

A J Tobin
Non-Executive Chairman
Director

Sydney, 22 February 2007

BigAir Group Limited

Condensed consolidated income statement for the half-year ended 31 December 2006

	Consolidated	
	Half-Year Ended 31 December 2006 \$	Half-Year Ended 31 December 2005 \$
Continuing operations		
Revenue	4,656,055	2,903,874
Cost of sales	(3,075,315)	(2,031,400)
Gross profit	1,580,740	872,474
Other revenue	117,697	6,177
Employee benefits expense	(973,534)	(572,148)
Sales and marketing expense	(478,150)	(231,829)
General administration expense	(391,502)	(129,407)
Depreciation and amortisation expense	(619,175)	(388,296)
Occupancy costs	(57,241)	(55,249)
Finance costs	(7,403)	(31,783)
Other expenses	(215,586)	(172,491)
Loss before tax	(1,044,154)	(702,552)
Income tax benefit	230,215	270,369
Loss for the period attributable to members of the parent entity	(813,939)	(432,183)
Earnings per Share:		
Basic (cents per share)	(1.0)	(1.9)
Diluted (cents per share)	(1.0)	(1.9)

Notes to the financial statements are included on pages 14 to 16

BigAir Group Limited

Condensed consolidated balance sheet as at 31 December 2006

	Consolidated	
	31 December 2006	30 June 2006
	\$	\$
<i>Current Assets</i>		
Cash and cash equivalents	3,886,995	5,003,303
Trade and other receivables	744,348	624,438
Inventories	111,893	38,042
Other	216,042	227,604
<i>Total Current Assets</i>	4,959,278	5,893,387
<i>Non-Current Assets</i>		
Trade and other receivables	41,157	43,557
Property, plant and equipment	1,082,197	924,075
Deferred tax assets	1,373,775	1,143,560
Goodwill	2,586,645	2,586,645
Other intangible assets	751,272	1,009,640
<i>Total Non-Current Assets</i>	5,835,046	5,707,477
<i>Total Assets</i>	10,794,324	11,600,864
<i>Current Liabilities</i>		
Trade and other payables	2,605,596	2,584,583
Income received in advance	548,016	534,130
Borrowings	-	395,339
<i>Total Current Liabilities</i>	3,153,612	3,514,052
<i>Total Liabilities</i>	3,153,612	3,514,052
<i>Net Assets</i>	7,640,712	8,086,812
<i>Equity</i>		
Issued capital	10,555,081	10,221,568
Reserves	113,698	79,372
Accumulated losses	(3,028,067)	(2,214,128)
<i>Total Equity</i>	7,640,712	8,086,812

Notes to the financial statements are included on pages 14 to 16

BigAir Group Limited

Condensed consolidated statement of recognised income and expense for the half-year ended 31 December 2006

	Half-year ended 31 December 2006 \$	Half-year ended 31 December 2005 \$
Loss for the period	(813,939)	(432,183)
Total recognised income and expense for the period	(813,939)	(432,183)
Attributable to:		
Equity holders of the parent	(813,939)	(432,183)

Notes to the financial statements are included on pages 14 to 16

BigAir Group Limited

Condensed consolidated cash flow statement for the half-year ended 31 December 2006

	Consolidated	
	Half-year ended 31 December 2006 \$	Half-year ended 31 December 2005 \$
Cash flows from operating activities		
Receipts from customers	4,983,067	3,077,359
Payments to suppliers and employees	(5,138,964)	(2,696,234)
Interest received	117,697	6,177
Interest and other costs of finance paid	(2,742)	(59,700)
Net cash (used in)/ from operating activities	(40,942)	327,602
Cash flows from investing activities		
Payments for intangible assets	(272,642)	(150,000)
Payments for plant and equipment	(405,124)	(373,367)
Net cash inflow from business combination	-	41,486
Net cash used in investing activities	(677,766)	(481,881)
Cash flows from financing activities		
Proceeds from issue of debt securities	-	225,000
Repayment of debt securities	(250,000)	-
Proceeds from borrowings	-	100,000
Repayment of borrowings	(150,000)	-
Repayment of deposits	2,400	-
Payment for equity issue costs	-	(171,394)
Net cash (used in)/ from financing activities	(397,600)	153,606
Net decrease in cash held	(1,116,308)	(673)
Cash and cash equivalents at the beginning of the half-year	5,003,303	295,110
Cash and cash equivalents at the end of the half-year	3,886,995	294,437

Notes to the financial statements are included on pages 14 to 16

BigAir Group Limited

Notes to the condensed consolidated financial statements

1. Summary of accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2006.

Adoption of new and revised Accounting Standards

In the current year, there are no new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) effective for annual reporting periods beginning on or after 1 July 2006 that are relevant to the Group's operations.

As a result, the issue of new and revised Standards and Interpretations by the AASB has not resulted in any change to the amounts reported in the current or prior years.

2. Segment information

The following is an analysis of the revenue and results for the period, analysed by business segment, being the Group's primary basis of segmentation.

	Segment revenue		Segment result	
	Half-year ended		Half-year ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2006	2005	2006	2005
	\$	\$	\$	\$
Continuing operations				
Mobile wireless division	3,669,848	2,425,307	(433,929)	(485,072)
Fixed wireless division	986,207	478,567	(539,269)	(81,306)
	4,656,055	2,903,874	(973,198)	(566,378)
Interest	117,697	6,177	110,294	(25,606)
Head office costs			(181,250)	(110,568)
Consolidated revenue	4,773,752	2,910,051		
Loss before tax			(1,044,154)	(702,552)
Income tax benefit			230,215	270,369
Net loss for the period			(813,939)	(432,183)

BigAir Group Limited

Notes to the condensed consolidated financial statements (cont'd)

3. Contingent liabilities and contingent assets

The business has no contingent liabilities or assets as at the end of the half-year financial period. Nor have there been any changes on the contingent liabilities or assets since the end of the last annual reporting date.

4. Movements in equity

(a) Issued capital

During the half-year reporting period, the company issued the following fully paid ordinary shares:

	31 December 2006 \$
<i>Fully paid ordinary shares</i>	
Balance at beginning of financial period	10,221,568
1,854,217 fully paid new ordinary shares issued (net proceeds)	311,000
Transfer from reserves (option premium on convertible notes repaid)	22,513
Balance at end of financial period	<u>10,555,081</u>

(b) Reserves

Option premium on convertible notes

Balance at beginning of financial period	22,513
Transfer to fully paid ordinary shares (convertible notes repaid)	(22,513)
Balance at end of financial period	<u>-</u>

Employee equity settled benefits reserve

Balance at beginning of financial period	56,859
Share based payments	56,839
Balance at end of financial period	<u>113,698</u>

Total reserves	<u>113,698</u>
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(c) Retained earnings

Balance at beginning of financial period	(2,214,128)
Net loss	(813,939)
Balance at end of financial period	<u>(3,028,067)</u>

BigAir Group Limited

Notes to the condensed consolidated financial statements (cont'd)

5. Disclosure of additional information

(a) Repayment of debt securities

During the half-year period, convertible notes were repaid at face value of \$250,000.

(b) Cash flow statement

During the period, the company paid for an intangible customer base and shares issue costs amounting to \$311,000, accrued as at 30 June 2006, through issue of 1,854,217 ordinary shares of the company. These share issues are not reflected in the cash flow statement.