Broad Investments Limited

ABN 91 087 813 090

and Controlled Entities

Annual Financial Report

2008

CONTENTS

DIRECTORS' REPORT

The directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Broad Investments Limited and the entities it controlled at the end of or during the year ended 30 June 2008.

PRINCIPAL ACTIVITIES

During the year there were some changes to the principal activities of the Group.

The principal activities of the Group are the selling of Mobile Content and Mobile Applications Solutions (Pocket Portal) directly and via channels. However, as its name suggests Broad Investments Limited is also an investor in companies that may add value to it or need the skills and expertise of its management and Board to grow such investments. In the first half of the financial year, the Company invested in a junior mining and exploration company, Pangaea Metals Limited ("Pangaea"), with the preferred intention of spinning-off Pangaea into a separate ASX listed entity and making an in-specie distribution of its shares to the Company's shareholders. The other alternative may be to add further value to its tenements and then sell it at a profit, if possible.

In the 2nd half of the financial year, the Company focused on debt and cash burn reduction and on raising funds for the acquisition of a profitable business complementary or strategic to its existing technology business. It successfully achieved this by the end of the financial year when the Company's subsidiary, Mirrus Pty Limited ("Mirrus'), acquired a provisioning services business with positive cash flow. Although the agreement was not binding until 30 June, 2008, under the terms of the agreement Mirrus took control of the operations of the business effective 1st April 2008.

REVIEW AND RESULTS OF OPERATIONS

Revenue from ordinary activities increased by 549% on the previous financial year to $2,401,108 (2007: $369,918). The increase was largely attributable to sales in the newly acquired business by Mirrus and to a lesser extent to higher sales by group subsidiary MTX Holdings Pty Limited.

The consolidated net loss before income tax for the financial year increased by 138% to $4,265,757 (2007: net loss of $1,790,325). The increase in the loss was largely due to a conservative approach taken in the writing off of approximately $2.85 Million in goodwill and exploration expenditure in Pangaea and to a small extent to share trading losses incurred commensurate with the downturn in the market. There were also one-off costs associated with the two acquisitions.

Despite the larger loss for the year, net cash outflow from operating activities for the year ended 30 June 2008 was $761,794 (2007 net cash outflow was $1,261,309). This was a substantial improvement of approximately $500,000 on the net cash outflow relative to 2007.

DIRECTORS' REPORT (cont.)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

(i) Acquisitions

On or about 15 September 2007, Broad Investments Limited completed the acquisition of Pangaea Metals Limited, a junior mining exploration company. The acquisition consideration included the issue of 300 million shares and 300 million options and the payment of $1.1 Million in cash. Since the completion of the acquisition the Company has spent several hundred thousand dollars to exercise options to acquire tenements and in exploration activities on its 15 tenements.

During the 2nd half of the financial year the Company acquired a provisioning services business servicing the communications and ICT market via its subsidiary Mirrus Pty Limited. Although the acquisition became effective on 30 June 2008, Mirrus took control of the operations of the business on 1st April 2008. The business is profitable and is expected to contribute to the anticipated better results in terms of sales and profitability in 2009.

(ii) Disposals

During the financial year no entities or businesses within the Group were disposed of.

(iii) Changes to Capital

Up to the end of 30 June 2008 share issues were made as detailed below.

	2008		2007	
Ordinary shares	**No.**	**$**	**No.**	**$**
Issue of Shares in 2007:				
Shares issued for fundraising or in lieu of repayment of debt and creditors	-	-	1,382,613,263	7,549,656
ASX Quotation fees/Share Placement fees/Brokerage	-	-	-	(337,354)
Issue of Shares in 2008:				
Shares issued for fundraising or in lieu of repayment of debt and creditors	446,757,499	2,407,704	-	-
Shares issued for purchase of Pangaea Metals Ltd	300,000,000	1,500,000	-	-
Shares issued for funding part-purchase of Mirrus Managed Services	395,000,000	790,000	-	-
Shares issued to satisfy debt as per agreement	20,000,000	40,000		
ASX Quotation fees/Share Placement fees/Brokerage/Incorporation costs		(40,803)	-	-
Total number of Shares issued	**1,161,757,499**	**4,696,901**	**1,382,613,263**	**7,212,302**

DIRECTORS' REPORT (cont.)

SHARE OPTIONS

347,342,985 options to subscribe for ordinary fully paid shares were outstanding as at the date of this report. These options expiry dates and exercisable price are:

Number of Options	Exercise Price	Expiry Date
12,500,000	$0.004	31 January 2009
20,000,000	$0.00375	31 January 2009
14,842,985	$0.0035	31 January 2009
300,000,000	$0.005	30 April 2010

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 2007: Nil).

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

No material events have occurred subsequent to balance date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

ENVIRONMENTAL REGULATION PERFORMANCE

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

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

DIRECTORS' REPORT (cont.)

INFORMATION ON DIRECTORS – (contd.)

Non-executive Directors
Mr Robin Armstrong
Mr Neil Gibson
Mr George Lee – resigned on 29 October 2007
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.	53	Executive Chairman & Company Secretary. Member of the Audit committee. Over 25 years' experience in corporate and financial services and/or public company directorships. A successful businessman, with extensive interests in property and tourism. Appointed on 30 December 2003. *Other current directorships* Executive Chairman of E-com Multi Limited (appointed August 1993) Non-executive Chairman of FairStar Resources Limited (appointed 15 March 2008). *Former Directorships in the last 3 years* Entertainment Media and Telecoms Corporation Limited (appointed 16 November 2002; resigned 22 December 2006).
Neil Gibson	66	Non-executive Director. Mr. Gibson is an accountant with varied experience in business including company secretarial, stock broking, rural properties and hotels and 15 years in communications services business in Queensland, Northern Territory and country New South Wales. Appointed 22 September 2006.
Johannes Scholtz B. Commerce	44	Non-executive Director and member of the Audit Committee. Has over 15 years experience in senior level management in Australia, New Zealand & South Africa, in the manufacturing and steel industries, including Corporate finance roles and turnarounds of small companies. Appointed on 30 May 2005
Robin Armstrong	54	Non-executive Director. Mr. Armstrong is a stockbroker and Director of Findlay & Co Stockbrokers Ltd which specialises in Broking services to retail and wholesale clients and Underwriting and Corporate Advisory Services to small to medium sized companies, and who has substantial experience with technology and mining floats. Appointed on 30 March 2007 *Other current directorships* Findlay Securities Ltd (appointed 13 April 2007) Cardia Technologies Ltd (appointed 15 September 2006) Esperence Minerals NL (appointed 17 December 2007) Astro Diamond Mines NL (appointed 29 October 2007)

DIRECTORS' REPORT (cont.)

COMPANY SECRETARY

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

MEETINGS OF DIRECTORS

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2008, and the numbers of meetings attended by each director were:

	Board of Directors		**Audit Committee**	
	Meetings Eligible To Attend	**Meetings Attended**	**Meetings Eligible To Attend**	**Meetings Attended**
Vaz Hovanessian	14	14	2	2
Robin Armstrong	14	9	-	-
Neil Gibson	14	12	-	-
George Lee	8	7	-	-
Johannes Scholtz	14	14	2	2

REMUNERATION REPORT

(a) Remuneration policy

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

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

DIRECTORS' REPORT (cont.)

(b) Directors' & executive's remuneration

Directors' fees

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

The following fees have applied:

	From 1 April 2007	**From 1 April 2006 to 31 March 2007**
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 Broad Investments Limited were the directors of the company.

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

Andrew Cannington	General Manager – MTX (1 March 2007 to 31 January 2008)
Zac Karlaftis (i)	General Manager – MTX (from 1 February 2008 onwards)
Tom Crowder	General Manager – Mirrus Managed Services (1 April to 31 May 2008)

(i) Zac Karlaftis commenced working for the consolidated entity on 1 August 2007 but only filled the key management position of Manager – MTX on 1 February 2008.

DIRECTORS' REPORT (cont.)

REMUNERATION REPORT (cont.)

(b) Directors' & executive's remuneration

2008	Short-term employee benefits Cash salary and fees	 Share based payments	 Post employment benefits	TOTAL
Executive Director				
Current				
Vaz Hovanessian	240,000	120,000	-	360,000
Non-Executive Directors				
Current				
Johannes Scholtz	20,000	12,000	-	32,000
Neil Gibson	20,000	12,000	-	32,000
Robin Armstrong	20,000	12,000	-	32,000
Former				
George Lee	6,515	-	-	6,515
Total paid to Directors	**306,515**	**156,000**	**-**	**462,515**
Executives				
Current				
Zac Karlaftis	65,000	-	-	65,000
Former				
Andrew Cannington	59,172	-	4,462	63,634
Tom Crowder	34,404	-	3,096	37,500
Total paid to Executives	**158,576**	**-**	**7,558**	**166,134**
Total paid	**465,091**	**156,000**	**7,558**	**628,649**

DIRECTORS' REPORT (cont.)

REMUNERATION REPORT (cont.)

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

	Short-term employee benefits			
2007	**Cash salary and fees**	**Share based payments**	**Post employment benefits**	**TOTAL**
Executive Director				
Current				
Vaz Hovanessian	195,000	-	-	195,000
Former				
Brookes McTavish (i)	-	15,000	-	15,000
Non-Executive Directors				
Current				
Johannes Scholtz	84,394	-	-	84,394
Neil Gibson	4,545	-	-	4,545
George Lee	4,545	-	-	4,545
Robin Armstrong	4,545	-	-	4,545
Former				
Thomas Egan	-	-	-	-
Total paid to Directors	**293,029**	**15,000**	**-**	**308,029**
Executives				
Current				
Andrew Cannington (ii)	88,858	7,000	7,425	103,283
Former				
Guy Glover (iii)	58,331	62,878	-	121,209
Total paid to Executives	**147,189**	**69,878**	**7,425**	**224,492**
Total paid	**440,218**	**84,878**	**7,425**	**532,521**

(i) Director’s fees (plus GST) were paid by the issue of 4,250,000 shares on 6 December 2006
(ii) Includes a bonus of 1,000,000 shares issued on 13 June 2007 which was performance based.
(iii) Includes fees (plus GST) paid by the following share issues:
- 1,577,592 shares on 6 December 2006
- 15,000,000 shares on 2 February 2007

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

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

DIRECTORS' REPORT (cont.)

REMUNERATION REPORT (cont.)

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

Other Key Management Personnel:

	Fixed remuneration		At risk - STI	
Name	**2008**	**2007**	**2008**	**2007**
Current				
Zac Karlaftis	100%	-	-	-
Former				
Andrew Cannington	100%	93%	-	7%
Tom Crowder	100%	-	-	-
Guy Glover	-	100%	-	-

(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:

Zac Karlaftis, *General Manager – MTX*

- Term of agreement – on-going commencing 1st April 2008
- Base fees of $7,000 per month. A bonus will be payable in the event MTX/Glovebox are spun-off as a consequence of a Roll-up strategy and given such spin-off will include fundraising and assets and businesses to be introduced, the bonus component would be commensurate with the level of involvement and contribution to the success of such spin-off and would be by way of shares and/or options.
- The agreement may be terminated by either party with two weeks' notice, other than for misconduct, in which case it may be immediate.

The former key management personnel had a formalised service agreement which is detailed below:

Andrew Cannington, *General Manager – MTX*

- Term of agreement – commencing 1st March 2006. Resigned January 2008.
- Base salary, inclusive of superannuation, of $92,650. Subject to satisfactory performance reviews and upon completion of 12 and then 24 months of full service the company will issue 1,000,000 shares for each of the first two years of employment.
- The agreement may be terminated by either party with two weeks' notice, other than for misconduct, with statutory termination benefits applying.

DIRECTORS' REPORT (cont.)

REMUNERATION REPORT (cont.)

(d) Share-based compensation

The following shares were granted to Directors during the financial year:

	Shares	
	Number	**Value ($)**
Robin Armstrong	2,000,000	12,000
Neil Gibson	2,000,000	12,000
Vaz Hovanessian	20,000,000	120,000
Johan Scholtz	2,000,000	12,000

The issue of shares were approved by shareholders at the 2007 Annual General Meeting**.**

(e) 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**
Robin Armstrong	2,000,000	Nil	Nil	Nil
Neil Gibson	5,000,000	Nil	Nil	Nil
Vaz Hovanessian	Nil	21,500,000	Nil	Nil
Johan Scholtz	8,000,000	Nil	Nil	Nil

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

DIRECTORS' REPORT (cont.)

SHARES UNDER OPTION

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

Date options granted	Expiry date	Issue price of shares	Number under option
2 February 2007	31 January 2009	$0.004	12,500,000
2 February 2007	31 January 2009	$0.00375	20,000,000
2 February 2007	31 January 2009	$0.0035	14,842,985
15 September 2007	30 April 2010	$0.005	300,000,000
			347,342,985

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

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Broad Investments Limited were issued during the year ended 30 June 2008 on the exercise of options. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares	Number under option
2 February 2007	$0.004	17,500,000
2 February 2007	$0.00375	15,000,000
3 August 2007	$0.072	300,000,000
		347,342,985

INSURANCE OF OFFICERS

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor, except as allowed under the constitution of the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.
No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

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 2008 there were no amounts paid or payable to the auditor (WHK Horwath Sydney) for non-audit services.

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

	Consolidated	
	2008	**2007**
	$	**$**
WHK Horwath Australian firm:		
- Audit and review of financial reports	143,000	71,100
TOTAL REMUNERATION FOR AUDIT SERVICES	**143,000**	**71,100**

AUDITOR’S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 15

AUDITOR

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

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

Vaz Hovanessian
Chairman

Sydney
30 September 2008

WHK Horwath

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the audit of Broad Investment Limited and controlled entities for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relations to the audit.

This declaration is in respect of Broad Investment Limited and the entities it controlled during the period.

Whk Horwath Sydney

WHK Horwath Sydney

L Russell

Leah Russell

Dated at Sydney this 30 September 2008

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INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

		Consolidated		Company	
		2008	2007	2008	2007
	Note	$	$	$	$
Sales revenue	3	2,118,960	148,076	-	-
Other revenue	3	282,148	26,230	532,110	26,227
Total revenue from continuing operations	**3**	**2,401,108**	**174,306**	**532,110**	**26,227**
Less:					
Cost of sales	4	(1,647,166)	(98,567)	-	-
Gross profit		**753,942**	**75,739**	**532,110**	**26,227**
Employee benefits expense		(207,472)	(230,184)	-	-
General & administrative expenses		(1,717,253)	(1,214,159)	(1,093,802)	(715,358)
Finance costs	4	(2,292)	(35,081)	(952)	(35,081)
Depreciation & amortisation expenses	4	(32,712)	(21,605)	(19,964)	(18,478)
Net bad and doubtful debts	4	(10,689)	(73,560)	-	(50,595)
Exploration expenditure	4	(432,788)	-	-	-
Net realised loss on short-term investments	4	(130,172)	-	(130,172)	-
Impairment of current financial assets	4	(9,128)	-	(9,128)	-
Impairment of non-current assets	4	(2,426,779)	(427,026)	(2,485,921)	(425,000)
Amortisation of non-current assets	4	(50,000)	-	-	-
Impairment of subsidiary loan	4	-	-	(1,918,074)	(979,309)
Total expenses from ordinary activities		**(5,019,285)**	**(2,001,615)**	**(5,658,013)**	**(2,223,821)**
Loss before income tax expense		**(4,265,343)**	**(1,925,876)**	**(5,125,903)**	**(2,197,594)**
Income tax expense	6	-	-	-	-
Loss from continuing operations		**(4,265,343)**	**(1,925,876)**	**(5,125,903)**	**(2,197,594)**
Profit / (loss) from discontinued operations	21	(414)	135,551	-	-
Net (loss) attributable to members of the parent entity	**20**	**(4,265,757)**	**(1,790,325)**	**(5,125,903)**	**(2,197,594)**
Total changes in equity other than those resulting from transactions with owners as owners	**20**	**(4,265,757)**	**(1,790,325)**	**(5,125,903)**	**(2,197,594)**

Earnings per share for profit attributable to the ordinary equity holders of the company

Basic loss per share (cents)	7	(0.17)	(0.18)
Diluted loss per share (cents)	7	(0.17)	(0.18)

The Income Statement is to be read in conjunction with the notes to the financial statements.

BALANCE SHEET
AS AT 30 JUNE 2008

		Consolidated		Company	
		2008	2007	2008	2007
	Note	$	$	$	$
Current Assets					
Cash and cash equivalents	9	1,359,704	3,925,671	526,918	3,922,374
Trade and other receivables	10	752,126	102,810	40,602	73,051
Inventories	11	903,753	-	-	-
Financial assets at fair value through profit or loss	12	4,872	-	4,872	-
Total Current Assets		**3,020,455**	**4,028,481**	**572,392**	**3,995,425**
Non-current Assets					
Trade and other receivables	10	-	761,700	3,342,906	760,000
Financial assets available for sale	13(a)	1,568,543	-	1,568,543	-
Investments accounted for using the equity method	13(b)	-	1,104,000	1,321,213	1,104,000
Plant and equipment	14	307,784	73,933	50,447	69,038
Intangible assets	15	3,662,732	-	-	-
Total Non-current Assets		**5,539,059**	**1,939,633**	**6,283,109**	**1,933,038**
Total Assets		**8,559,514**	**5,968,114**	**6,855,501**	**5,928,463**
Current Liabilities					
Trade and other payables	16	3,285,949	847,427	2,304,053	671,544
Borrowings	17	205,365	100,000	205,365	100,000
Provisions	18	8,666	8,718	-	-
Total Current Liabilities		**3,499,980**	**956,145**	**2,509,418**	**771,544**
Total Liabilities		**3,499,980**	**956,145**	**2,509,418**	**771,544**
Net Assets		**5,059,534**	**5,011,969**	**4,346,083**	**5,156,919**
Equity					
Contributed equity	19	22,237,240	17,540,339	22,238,985	17,540,339
Financial asset revaluation reserve	20(a)	(383,579)	-	(383,579)	-
Accumulated losses	20(b)	(16,794,127)	(12,528,370)	(17,509,323)	(12,383,420)
Total Equity		**5,059,534**	**5,011,969**	**4,346,083**	**5,156,919**

The Balance Sheet is to be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

		Consolidated		Company	
		2008	2007	2008	2007
	Note	$	$	$	$
Total Equity at the beginning of the financial year		**5,011,969**	**(410,008)**	**5,156,919**	**142,211**
Contributions of equity, net of transaction costs	19	4,696,901	7,212,302	4,698,646	7,212,302
Reserves	20(a)	(383,579)	-	(383,579)	-
Loss for the year	20(b)	(4,265,757)	(1,790,325)	(5,125,903)	(2,197,594)
Total Equity at the end of the financial year		**5,059,534**	**5,011,969**	**4,346,083**	**5,156,919**

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 2008

		Consolidated		Company	
		2008	2007	2008	2007
	Note	$	$	$	$
Cash flows from operating activities					
Receipts from customers		1,627,935	267,602	380,480	-
Payments to suppliers and employees		(1,931,639)	(1,519,644)	(890,899)	(565,603)
Interest received		194,202	26,238	194,164	26,227
Interest paid		(2,292)	(35,505)	(952)	(35,081)
Other		-	-	-	-
Net cash provided by / (used in) operating activities	**23(b)**	**(111,794)**	**(1,261,309)**	**(317,207)**	**(574,457)**
Cash flows from investing activities					
Acquisition of subsidiary, net of cash		(650,000)	(1,104,000)	(650,000)	(1,104,000)
Payment for equity investments		(6,725,728)	-	(6,725,728)	-
Payment for physical non-current assets		(266,563)	(29,666)	(1,373)	(9,196)
Payment for other non-current assets		(7,134)	-	-	-
Proceeds from disposal of business		-	50,000	-	-
Proceeds from disposal of equity investments		3,497,434	-	3,497,434	-
Loans to other entities		-	(760,000)	(1,344,005)	(1,399,789)
Exploration Expenditure		(246,094)	-	-	-
Debt acquired on acquisition of business		(256,900)	-	-	-
Other		-	17,161	(57,134)	25,382
Net cash provided by / (used in) investing activities		**(4,654,985)**	**(1,826,505)**	**(5,280,806)**	**(2,487,603)**
Cash flows from financing activities					
Proceeds from issue of equity securities		2,786,250	6,973,529	2,786,250	6,973,529
Capital raising costs		(710,803)	(288,415)	(709,058)	(288,415)
Proceeds from borrowings		375,942	100,000	375,942	100,000
Repayment of borrowings		(250,577)	(700,000)	(250,577)	(700,000)
Net cash provided by / (used in) financing activities		**2,200,812**	**6,085,114**	**2,202,557**	**6,085,114**
Net increase / (decrease) in cash held		(2,565,967)	2,997,300	(3,395,456)	3,023,054
Cash at beginning of financial year		3,925,671	928,371	3,922,374	899,320
Cash at end of financial year	**23(a)**	**1,359,704**	**3,925,671**	**526,918**	**3,922,374**

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 2008

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Broad Investments Limited (the "Company") is a company domiciled in Australia. The financial report of the Company for the year ended 30 June 2008 comprises the Company and its subsidiaries (together referred to as the "Group"). The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(i) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Broad Investments Limited complies with International Financial Reporting standards (IFRS).

These financial statements have been prepared in Australian dollars in accordance with the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies (refer to note 2).

(ii) 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.

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:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(ii) Going concern – (contd.)

- The ability of the Group to achieve a reasonable return from investing its available cash and for its Mirrus and MTX divisions 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 outcome of the abovementioned matters are unfavourable, the Directors believe that they have sufficient cash to for the Company to continue to meet its debts as and when they become due and payable.

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

Significant Accounting Policies

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

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

(a) Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Company (“the parent entity”) and its controlled entities (“the consolidated entity” or “the economic entity” or “the group”). The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(a) Principles of Consolidation – (cont.)

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Broad Investments Limited.

(b) Segment reporting

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

(c) Foreign Currency

Transactions in foreign currencies are translated to Australian dollars at exchange rates in effect at the date of the transactions.

Foreign currency monetary balances at year end have been translated into Australian currency at the exchange rate ruling at balance date with exchange differences brought to account in the Statement of Financial Performance as exchange gains or losses.

The functional and presentational currency of the group is Australian dollars.

(d) Revenue Recognition

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

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

Revenue is recognised for the major business activities as follows:

<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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(d) Revenue Recognition (cont.)

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

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

Interest revenue
Interest income is recognised as it accrues.

(e) Income Taxes

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(f) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(f) Goods and Services Tax (cont.)
Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(g) Business combinations
The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(n)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(h) Impairment of assets
The carrying amounts of the consolidated entity's assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each annual balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(h) Impairment of assets – (cont.)

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset is greater than its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. The decrement in the carrying amount is recognised as an expense in the reporting period in which the impairment loss occurs.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank and call deposits for the purposes of the statement of cash flows. Net cash includes cash on hand, at bank and short-term deposits at call, net of bank overdrafts.

(j) Trade receivables

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost comprises direct material costs.

(l) Plant and equipment

Owned assets

Items of plant and equipment are stated at cost less accumulated depreciation and impairment in value.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each item of plant and equipment. Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

Generally, the depreciation rates used are:

	2008	2007
Furniture and fittings	7.5%	7.5%
Office equipment	15%	15%
Computer equipment	25%	25%

The residual value, if not insignificant, is reassessed annually to ensure that it is not in excess of the recoverable amount of the asset. 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.

(m) Leased Assets

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(n) Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Following initial recognition, goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment or more frequently if indicators of impairment exist.

Customer contracts

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

Exploration expenditure

Exploration costs related to an area of interest are written off as incurred except they may be carried forward as an item in the balance sheet where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and

- exploration activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised costs include costs directly related to exploration activities in the relevant area of interest. General and administrative costs are allocated to an exploration asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the asset relates.

Capitalised exploration expenditure is written off where the above conditions are no longer satisfied.

Exploration expenditure incurred subsequent to the acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above.

All capitalised exploration expenditure is assessed for impairment if facts and circumstances indicate that an impairment may exist. Exploration assets are also tested for impairment once commercial reserves are found, before the assets are transferred to development properties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

(p) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(q) Share based payment transactions
The fair value of equity instruments granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at invoice date.

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

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

(s) Employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(t) Investments and other financial assets
The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(t) Investments and other financial assets (cont.)

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amounts are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in fair value of a security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(u) Interest Bearing Liabilities

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

(v) Contributed Equity

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(v) Contributed Equity (cont.)

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

(w) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(x) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Group’s and the parent entity’s assessment of the impact of these new standards and interpretations is set out below.

AASB 8 Operating Segments and AASB2007-3 Amendments to Australian Accounting Standards from AASB 8

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(x) New accounting standards and interpretations (cont.)

<u>Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]</u>

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group already capitalises borrowing costs relating to qualifying assets.

<u>AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</u>

AASB-I 14 will be effective for annual reporting periods commencing on or after 1 January 2008. It provides guidance on the maximum amount that may be recognised as an asset in relation to a defined benefit plan and the impact of minimum funding requirements on such an asset. None of the Group's defined benefit plans are subject to minimum funding requirements and none of them is in a surplus position. The Group will apply AASB-I 14 from 1 July 2008, but it is not expected to have any impact on the Group's financial statements.

<u>Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101</u>

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

2 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to Note 15 for detailed assumptions.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

3 – REVENUE

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
From continuing operations				
Sales revenue	2,118,960	148,076	-	-
Other Revenue				
Interest revenue	194,202	26,229	194,164	26,227
Other revenue	87,946	1	337,946	-
	282,148	26,230	532,110	26,227
Total revenue from continuing operations	**2,401,108**	**174,306**	**532,110**	**26,227**
From discontinued operations				
Sales revenue	-	78,764	-	-
Other Revenue				
Interest revenue	-	9	-	-
	-	78,773	-	-
Profit from the sale of assets:				
Non-current				
Broad IP businesses	-	116,839	-	-
Total revenue from discontinued operations	**-**	**195,612**	**-**	**-**
TOTAL REVENUE	**2,401,108**	**369,918**	**532,110**	**26,227**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

4 – EXPENSES

Loss before income tax includes the following items of expense:

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
From continuing operations				
Expenses:				
Cost of sales	1,647,166	98,567	-	-
Finance costs				
Interest expense	2,292	35,081	952	35,081
Depreciation of:				
Plant and equipment	32,712	21,605	19,964	18,478
Bad and doubtful debts:				
Trade debtors	10,689	-	-	-
Other debtors	-	73,560	-	50,595
Non recovery of subsidiary loans	-	-	1,918,074	979,309
Impairment of assets:				
Non-current				
Investments	-	-	2,485,921	425,000
Goodwill	2,426,779	427,026	-	-
Plant and equipment	-	27,734	-	-
Impairment of current financial assets	9,128	-	9,128	-
Loss from the sale of available for sale financial assets:				
Current				
Short-term investments (i)	130,172	-	130,172	-
Exploration expenditure	432,788	-	-	-
From discontinued operations				
Expenses:				
Cost of sales	-	99,639	-	-
Finance costs				
Interest expense	-	424	-	-
Depreciation of:				
Plant and equipment	-	1,403	-	-
Amortisation of:				
Non-current assets	50,000	-	-	-

(i) The unrealised loss in short-term investments for the financial year was $1,529,579 (see Note 20a)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

5 – AUDITORS' REMUNERATION

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Remuneration of the auditor of the parent entity for:				
- Review of the half year financial statements	43,000	20,600	43,000	20,600
- Audit of the full year financial statements	88,000	50,000	88,000	50,000
- Audit of the previous year financial statements (i)	12,000	500	12,000	500
	143,000	71,100	143,000	71,100
Remuneration of the former auditor of the subsidiary Pangaea Metals Ltd for:				
- Review of the half year financial statements	10,000	-	-	-
- Audit of the previous years financial statements	25,000	-	-	-
	35,000	-	-	-
TOTAL AUDITORS' REMUNERATION	**178,000**	**71,100**	**143,000**	**71,100**

(i) Additional fees in excess of estimated cost of the audit of the 2007 Financial Report

6 – INCOME TAX EXPENSE

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax benefit in the financial statements as follows:				
Loss from ordinary activities	(4,265,757)	(1,790,325)	(5,125,903)	(2,197,594)
Income tax benefit calculated at 30% (2007: 30%) of operating loss	(1,279,727)	(537,098)	(1,537,771)	(659,278)
Permanent differences				
Impairment of investments	-	-	745,776	127,500
Impairment of goodwill on acquisition	728,034	128,108	-	-
Amortisation of customer contract	15,000	-	-	-
Impairment of plant and equipment	-	8,320	-	-
Non recovery of subsidiary loan	-	-	575,422	293,793
Non-deductible expenses	8,556	6,216	8,121	5,150
Permanent differences in income tax	751,590	142,644	1,329,319	426,443
Income tax expense / (benefit) adjusted for permanent differences	(528,137)	(394,454)	(208,452)	(232,835)
Deferred tax assets not brought to account	528,137	394,454	208,452	232,835
Total income tax (benefit) / expense on operating loss calculated at 30% (2007: 30%)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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	
	2008 Cents per Share	**2007 Cents per Share**
(a) Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	(4,265,343)	(1,925,876)
Profit / (loss) from discontinued operations	(414)	135,551
Loss attributable to the ordinary equity holders of the company	(4,265,757)	(1,790,325)
(b) Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	(4,265,343)	(1,925,876)
Profit / (loss) from discontinued operations	(414)	135,551
Loss attributable to the ordinary equity holders of the company	(4,265,757)	(1,790,325)

	2008 No.	**2007 No.**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	2,576,446,200	1,007,282,353
Adjustments for calculation of diluted earnings per share	127,384,396	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	2,703,830,596	1,007,282,353
Basic earnings / (loss) per share (cents)	(0.17)	(0.18)
Diluted earnings / (loss) per share (cents)	(0.17)	(0.18)

Issue of securities after reporting date
No securities have been issued after 30 June 2008.

8 – SEGMENT REPORTING

Description of segments
(a) Business segments
The consolidated entity was organised into the following segments by product and service type during the current financial year.

Mobile Content
The provision of mobile content and various mobile application solutions under licence.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

8 – SEGMENT REPORTING – (cont.)

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

Managed Services
The provision of services to telecommunications and ICT companies. Effective from 1 April 2008.

Exploration Mining
Acquired 15 September 2007.

30 June 2008	Mobile Phone Content	Managed Services	Exploration Mining	Share Trading and Investments	Unallocated	TOTAL
	$	$	$	$	$	$
Segment revenue						
Sales revenue – external	140,695	1,978,265	-	-	-	2,118,960
Other revenue - external	17	-	21	-	282,110	282,148
Total revenue	**140,712**	**1,978,265**	**21**	**-**	**282,110**	**2,401,108**
Profit / (Loss) for the year	**(475,801)**	**(98,944)**	**(541,092)**	**(130,172)**	**(3,019,748)**	**(4,265,757)**
Segment assets & liabilities						
Segment assets	62,513	4,116,367	929,496	1,573,415	1,877,723	8,609,514
Segment liabilities	36,050	823,070	2,570	-	2,638,290	3,499,980
Other segment information						
Acquisition of plant and equipment	1,382	263,808	-	-	1,373	266,563
Depreciation expense	3,473	9,275	-	-	19,964	32,712
Amortisation expense	-	50,000	-	-	-	50,000
Impairment of goodwill	-	-	-	-	2,426,779	2,426,779
Cash flow information						
Net cash flow from operating activities	(479,045)	573,130	(122,868)	(14,000)	(719,011)	(761,794)
Net cash flow from investing activities	(1,382)	(13,808)	(246,094)	(3,228,294)	(515,407)	(4,004,985)
Net cash flow from financing activities	507,347	(14,734)	648,876	-	1,059,323	2,200,812

(b) Geographical segments

The consolidated entity operates primarily within Australia.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

8 – SEGMENT REPORTING (cont.)

During the financial year to June 2007 the consolidated financial entity did not operate its managed services, share trading or exploration mining business segments. The following segment was active during part of the financial year to June 2007.

Voice & Data Services
Internet and broadband telephony services and products. This segment was discontinued from September 2006.

30 June 2007	Mobile Phone Content	Unallocated	Total continuing operations	Discontinued Operation Voice & Data Services	TOTAL
	$	$	$	$	$
Segment revenue					
Sales revenue - external	148,076	-	148,076	78,764	226,840
Other revenue - external	3	26,227	26,230	116,848	143,078
Total revenue	**148,079**	**26,227**	**174,306**	**195,612**	**369,918**
Loss for the year	**(705,565)**	**(671,423)**	**(1,376,988)**	**(413,337)**	**(1,790,325)**
Segment assets & liabilities					
Segment assets	39,177	5,928,463	5,967,640	474	5,968,114
Segment liabilities	44,260	911,374	955,634	511	956,145
Other segment information					
Acquisition of plant and equipment	272	9,196	9,468	20,198	29,666
Depreciation expense	3,127	18,478	21,605	1,403	23,008
Impairment of goodwill	-	427,026	427,026	-	427,026
Cash flow information					
Net cash flow from operating activities	(724,825)	(223,723)	(948,548)	(312,761)	(1,261,309)
Net cash flow from investing activities	(272)	(1,854,010)	(1,854,282)	27,777	(1,826,505)
Net cash flow from financing activities	727,632	5,100,787	5,828,419	256,695	6,085,114

Costs incurred to acquire long-term segment assets are detailed in note 22.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

9 – CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Cash at bank	1,190,704	2,914,502	357,918	2,911,205
Cash held by third party on behalf of the Group	169,000	1,011,169	169,000	1,011,169
	1,359,704	**3,925,671**	**526,918**	**3,922,374**

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

10 – TRADE AND OTHER RECEIVABLES

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Current:				
Trade Debtors	33,815	33,779	-	-
Less: Provision for impairment of receivables	-	(22,965)	-	-
	33,815	10,814	-	-
GST	-	34,341	11,457	34,341
Other debtors	24,060	200,054	19,060	200,054
Less: Provision for impairment of receivables	-	(200,054)	-	(200,054)
	24,060	34,341	30,517	34,341
Prepayments	31,203	20,212	10,085	20,000
Accrued revenue	663,048	37,443	-	18,710
	752,126	**102,810**	**40,602**	**73,051**
Non-current:				
Deposit	-	1,700	-	-
Loans (i)	-	760,000	-	760,000
Loans to controlled entities (i)	-	-	8,378,156	3,117,795
Less: Allowance for non-recovery of subsidiary loans	-	-	(5,035,250)	(3,117,795)
	-	**761,700**	**3,342,906**	**760,000**

(i) The loan of $760,000 at 30 June 2007, was to Pangaea Metals Ltd and was unsecured and at 10% p.a. interest. Broad Investments Ltd acquired 100% of the issued shares of Pangaea Metals Ltd on 15 September 2007. At 30 June 2008 the loan was $1,408,876, was fully provided for by Broad Investments Ltd and was eliminated on consolidation. It is the intention to convert this loan into shares when Pangaea Metals Ltd is floated on the Australian Securities Exchange.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

10 – TRADE AND OTHER RECEIVABLES (cont.)

(a) Impaired receivables

As at 30 June 2008 no current receivables of the Group were impaired (2007 - $223,019).

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

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
At 1 July	223,019	200,399	200,054	149,458
Provision for impairment recognised during the year	-	22,965	-	50,596
Receivables written off during the year as uncollectible	(200,054)	(345)	(200,054)	-
Unused amount reversed	(22,965)	-	-	-
	-	**223,019**	**-**	**200,054**

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 2008, trade receivables of $29,815 (2007 - $25,095) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

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

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Current:				
Up to 3 months	14,506	19,214	-	-
Over 3 months	19,309	14,565	-	-
	33,815	**33,779**	**-**	**-**

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Other receivables of $200,054 that were impaired at 30 June 2007 were written off as uncollectible during the current financial year.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

10 – TRADE AND OTHER RECEIVABLES (cont.)

(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		Company	
	2008	2007	2008	2007
	$	$	$	$
Inventory on hand	903,753	-	-	-

Inventory expense

Inventories recognised as expense during the year ended 30 June 2008 amounted to $962,018 (2007 - Nil).

12 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
ASX listed equity securities	14,000	-	14,000	-
Write-down of stock	(9,128)	-	(9,128)	-
	4,872	**-**	**4,872**	**-**

The Group has not designated any financial assets as at fair value through profit or loss.

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

13 – INVESTMENTS

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Non-current:				
(a) Financial assets available for sale				
Shares in quoted entities	2,558,122	-	2,558,122	-
Less: Allowance for diminution in value	(1,529,579)	-	(1,529,579)	-
	1,028,543	-	1,028,543	-
Shares in unquoted entities	540,000	-	540,000	-
	1,568,543	-	1,568,543	-
Pangaea Metals Ltd	-	1,104,000	-	1,104,000
(b) Investments accounted for using the equity method				
Unquoted at cost	-	-	4,868,245	1,061,111
Less: Allowance for diminution in value	-	-	(3,547,032)	(1,061,111)
	-	1,104,000	1,321,213	1,104,000
	1,568,543	**1,104,000**	**2,889,756**	**1,104,000**

(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 at fair value of $540,000 (2007 – Nil). The Company has guarantee of resale of this investment at a higher than acquisition cost.

(b) Investments in related parties

Refer to note 22 for information on the carrying amount of investments in 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

14 – PLANT AND EQUIPMENT

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Plant & equipment				
At cost	367,651	102,120	89,789	88,416
Accumulated depreciation	(59,867)	(28,187)	(39,342)	(19,378)
Total plant & equipment at net written down value	**307,784**	**73,933**	**50,477**	**69,038**
Reconciliations				
Plant & equipment				
Carrying amount at beginning of year	73,933	128,901	69,038	14,361
Additions	266,563	29,666	1,373	73,155
Disposals	-	(33,892)	-	-
Write-down	-	(27,632)	-	-
Depreciation	(32,712)	(23,110)	(19,964)	(18,478)
Carrying amount at end of year	**307,784**	**73,933**	**50,447**	**69,038**

15 – INTANGIBLE ASSETS

	2008 $	2007 $
Consolidated goodwill - indefinite		
Cost	4,675,018	427,026
Accumulated impairment	(2,853,805)	(427,026)
	1,821,213	**-**
Identifiable customer contract - finite		
Cost	1,000,000	-
Accumulated amortisation	(50,000)	-
	950,000	**-**
Capitalised exploration expenditure	891,519	-
	3,662,732	**-**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

15 – INTANGIBLE ASSETS (cont.)

Consolidated	**MTX Holdings Goodwill $**	**Glovebox Goodwill $**	**Pangaea Metals Ltd Goodwill $**	**Mirrus Customer Contract $**	**Mirrus Goodwill $**	**TOTAL $**
30 June 2007						
Opening net book amount	152,026	275,000	-	-	-	427,026
Impairment charge (i)	(152,026)	(275,000)	-	-	-	(427,026)
Closing net book amount	**-**	**-**	**-**	**-**	**-**	**-**
30 June 2008						
Opening net book amount	-	-	-	-	-	-
Additions – acquisition	-	-	3,697,992	1,000,000	550,000	5,247,992
Impairment charge	-	-	(2,426,779)	-	-	(2,426,779)
Amortisation expense	-	-	-	(50,000)	-	(50,000)
Additions – exploration expenditure	-	-	891,519	-	-	891,519
Closing net book amount	**-**	**-**	**2,162,732**	**950,000**	**550,000**	**3,662,732**

(i) Impairment charge

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

MTX Holdings Pty Ltd

Following the reassessment of the cash flow from the Company's MTX (Pocket Portal) division over the 12 months to June 2007 and projected cash flow over the next 2 years, and in line with Company policy to write off goodwill on technology assets in a short period, the Board wrote off the balance of $152,026 in goodwill carried in the books for MTX as at 30 June 2007.

Glovebox Pty Ltd

Following a reassessment of the cash flow from the Company's Glovebox business over the 12 months to June 2007, which was largely still in development mode, and considering the competitiveness in the market for Ring Tone products and the expectation, that despite improvements in this area, the businesses may continue to generate negative cash flow for the coming financial year, the Board decided to adopt a conservative approach and wrote off the remaining goodwill amount of $275,000 as at 30 June 2007.

Pangaea Metals Ltd

Following the assessment of the fair value of the Company's exploration mining acquisition the Board has reduced the value of goodwill in Pangaea Metals by $2,426,779 to $1,271,213 as at 30 June 2008.

(ii) Amortisation charge

Amortisation is included in amortisation expenses in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

15 – INTANGIBLE ASSETS (cont.)

(iii) Impairment tests for goodwill

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

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

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

Pangaea Metals Ltd

The cash generating unit is Pangaea Metals Ltd. The consideration paid for Pangaea Metals Ltd was $1,100,000 cash and 300,000,000 Broad Investments Ltd shares and 300,000,000 options to acquire Broad Investments Ltd shares. The assumptions used to ascertain fair value of the shares issued was the market value of Broad Investment shares on the date of issue which was 0.8 cents. The options were valued using the black – scholes model at 0.0382 cents adopting a volitility of 25%, expiry of 30 April 2010, strike price of 0.5 cents and interest rate of 6.5%. An impairment loss was recognised after the receipt of a valuation report.

16 – TRADE AND OTHER PAYABLES

	Consolidated		Company	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Current (unsecured):				
Trade creditors	819,717	106,727	59,744	102,822
BAS statements payable	142,797	132,552	-	-
Sundry creditors and accrued expenses	2,323,435	608,148	2,244,309	568,722
	3,285,949	**847,427**	**2,304,053**	**671,544**

17 – BORROWINGS

	Consolidated		Company	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Current (unsecured):				
Loan	200,000	-	200,000	-
Loan by related party	5,365	-	5,365	-
Non-recourse advance	-	100,000	-	100,000
	205,365	**100,000**	**205,365**	**100,000**

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

18 – PROVISIONS

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Current				
Annual leave	8,666	8,718	-	-

19 – CONTRIBUTED EQUITY

	Consolidated		Company	
	2008	2007	2008	2007
Share capital	$	$	$	$
3,182,827,016 (2007: 2,021,069,517) fully paid ordinary shares	22,237,240	17,540,339	22,238,985	17,540,339

Ordinary shares	2008		2007	
	No.	$	No.	$
Movements during the year				
Balance at beginning of financial year	2,021,069,517	17,540,339	638,456,254	10,328,037
Issue of shares:				
- 1/7/06 shares @ $0.007 each	-	-	17,500,000	122,500
- 6/12/06 shares @ $0.00427 each	-	-	93,806,108	400,993
- 2/2/07 shares @ $0.004 each	-	-	24,500,000	98,000
- 2/2/07 shares @ $0.0035 each	-	-	251,492,857	880,225
- 21/2/07 shares @ $0.0035 each	-	-	17,888,000	62,608
- 13/3/07 shares @ $0.0035 each	-	-	226,666,666	793,333
- 13/3/07 shares @ $0.00375 each	-	-	30,000,000	112,500
- 27/4/07 shares @ $0.0035 each	-	-	11,666,667	40,826
- 1/5/07 shares @ $0.0035 each	-	-	18,000,000	63,015
- 14/5/07 shares @ $0.0072 each	-	-	690,092,965	4,968,656
- 13/6/07 shares @ $0.007 each	-	-	1,000,000	7,000
- 3/8/07 shares @ $0.0072 each (i)	83,674,166	602,454	-	-
- 9/8/07 shares @ $0.0072 each (i)	4,583,333	33,000	-	-
- 15/9/07 options for shares exercised @ $0.00375 each	10,000,000	37,500	-	-
- 15/9/07 shares @ $0.005 each (ii)	300,000,000	1,500,000	-	-
- 29/10/07 options for shares exercisable @ $0.0072 each (iii)	300,000,000	2,160,000	-	-
- 29/10/07 options for shares exercisable @ $0.004 each (iii)	17,500,000	70,000	-	-
- 29/10/07 options for shares exercisable @ $0.00375 each (iii)	5,000,000	17,500	-	-
- 27/12/07 shares issued to directors (iv)	26,000,000	156,000		
- 30/6/08 shares @ $0.002 each (v)	415,000,000	830,000	-	-
Share placement fees & discounts	-	(709,058)	-	(337,354)
Total parent entity movements during the year	**1,161,757,499**	**4,698,646**	**1,382,613,263**	**7,212,302**
Subsidiary incorporation costs	-	(1,745)	-	-
Total consolidated entity movements during the year	**1,161,757,499**	**4,696,901**	**1,382,613,263**	**7,212,302**
Balance for consolidated entity at end of financial year	**3,182,827,016**	**22,237,240**	**2,021,069,517**	**17,540,339**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

19 – CONTRIBUTED EQUITY (cont.)

(i) 69,444,444 shares issued for $500,000 cash and the remainder in lieu of expenses as per resolutions at general meeting of 4 May 2007. Shares were issued at a price commensurate with the acquisition of Pangaea Metals Limited prospectus.

(ii) 300,000,000 shares issued for completion of acquisition of Pangaea Metals Ltd as per Prospectus of 11 September 2007.

(iii) Options exercised for $1,500,000 cash discounted for early exercise and brokerage.

(iv) Shares issued to Directors as per resolutions at Annual General Meeting of 30 November 2007. The shares were issued as Broad Investment directors do not receive the level of fees relative to other similar sized companies or that are commensurate with the level of effort and risk associated with being a Director and the Company does not carry any D&O insurance for its Directors and Officers which substantially increases their level of risk. Furthermore, the Directors were instrumental in sourcing acquisitions, raising funds and negotiating settlement of the Company's debt on favourable terms which improved the Company's balance Sheet and provided additional cash to invest or use for value adding corporate activities. Accordingly, Directors fees are supplemented by issue of shares to provide not only the incentive to grow the share price but also to compensate them for the increased level of risk.

(v) 395,000,000 shares issued for part consideration of acquisition of Mirrus Managed Services. Shares were valued at the market price. 20,000,000 shares issued to extinguish $40,000 of liabilities.

<u>Additional Issue</u>
Since the end of the Financial Year no shares have been issued.

<u>Ordinary Shares</u>
Fully paid ordinary shares carry one vote per share and the right to dividends.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

19 – CONTRIBUTED EQUITY (cont.)

Share Options
347,342,985 options to subscribe for ordinary fully paid shares were outstanding at balance date.

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

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number
2008							
28 April 2006	30 June 2008	$0.05	32,000,000	-	-	32,000,000	-
2 February 2007	31 January 2009	$0.004	30,000,000	-	17,500,000	-	12,500,000
2 February 2007	31 January 2009	$0.00375	35,000,000	-	15,000,000	-	20,000,000
2 February 2007	31 January 2009	$0.0035	14,842,985	-	-	-	14,842,985
3 August 2007 (i)	31 July 2009	$0.072	-	300,000,000	300,000,000	-	-
15 September 2007 (ii)	30 April 2010	$0.005	-	300,000,000	-	-	300,000,000
Weighted average exercise price			$0.0170	$0.0061	$0.0049	$0.05	$0.0048
Total			**111,842,985**	**600,000,000**	**332,500,000**	**32,000,000**	**347,342,985**

(i) 300,000,000 options for shares for exercise at a future date should extra funds be required as per resolutions at general meeting of 4 May 2007.
(ii) 300,000,000 options for shares issued for completion of acquisition of Pangaea Metals Ltd as per Prospectus of 11 September 2007.

The weighted average share price at the date of exercise of options during the year ended 30 June 2008 was $0.008 (2007 – $0.01).

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.67 years (2007 – 1.42 years)

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

19 – CONTRIBUTED EQUITY (cont.)

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

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Balance at end of the year Number
2007						
Balance at the beginning of financial year	30 June 2008	$0.05	32,000,000	-	-	32,000,000
2 February 2007	31 January 2009	$0.004	-	30,000,000	-	30,000,000
2 February 2007	31 January 2009	$0.00375	-	65,000,000	30,000,000	35,000,000
2 February 2007	31 January 2009	$0.0035	-	289,064,318	274,221,333	14,842,985
Weighted average exercise price			$0.05	$0.0035	$0.0035	$0.0170
Total			**32,000,000**	**384,064,318**	**304,221,333**	**111,842,985**

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

(i) Capital risk management

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

20 – RESERVES & ACCUMULATED LOSSES

(a) Reserves

	Consolidated		Company	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Reserves				
Available-for-sale investments revaluation reserve	(1,529,579)	-	(1,529,579)	-
Options reserve	1,146,000	-	1,146,000	-
	(383,579)	**-**	**(383,579)**	**-**

	Consolidated		Company	
Movements	**2008**	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Available-for-sale investments revaluation reserve				
Balance at beginning of financial year	-	-	-	-
Net (loss) attributed to members of the parent entity	(1,529,579)	-	(1,529,579)	-
Balance at end of financial year	**(1,529,579)**	**-**	**(1,529,579)**	**-**
Options reserve				
Balance at beginning of financial year	-	-	-	-
Net (loss) attributed to members of the parent entity	1,146,000	-	1,146,000	-
Balance at end of financial year	**1,146,000**	**-**	**1,146,000**	**-**

(b) Accumulated losses

	Consolidated		Company	
Movements	**2008**	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Balance at beginning of financial year	(12,528,370)	(10,738,045)	(12,383,420)	(10,185,826)
Net (loss) attributed to members of the parent entity	(4,265,757)	(1,790,325)	(5,125,903)	(2,197,594)
Balance at end of financial year	**(16,794,127)**	**(12,528,370)**	**(17,509,323)**	**(12,383,420)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

21 – DISCONTINUED OPERATIONS

Broad IP Pty Ltd

(a) Description

Last financial year the Company discontinued its underperforming subsidiary, Broad IP Pty Ltd, which has been reported in this financial report as a discontinued operation.

(b) Financial performance and cash flow information

	Current Year 30 Jun 2008 $	Previous Year 30 Jun 2007 $
Revenue	-	78,773
Less expenses	414	503,354
Profit / (Loss)	**(414)**	**(424,581)**
Gain on disposal of businesses	-	116,839
Gain on debts not payable due to Company restructuring	-	443,293
Profit / (Loss) from discontinued operations	**-**	**135,551**
Net cash (outflow) from operating activities	(214)	(312,761)
Net cash (outflow) from investing activities	-	27,777
Net cash inflow / (outflow) from financing activities	(48)	256,695
Net increase / (decrease) in cash generated by business	**(262)**	**(28,289)**

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 30 June 2007 and 30 June 2008

	Current Year 30 Jun 2008 $	Previous Year 30 Jun 2007 $
Cash	-	262
Receivables	-	-
Inventories	-	-
Plant & equipment	-	-
Other (Pre-payments)	-	212
Net assets	**-**	**474**
Less creditors – Loans with holding company	(1,611,346)	(1,611,406)
Net (deficiency in) assets	**(1,611,346)**	**(1,610,932)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

22 – BUSINESS COMBINATION

(a) Pangaea Metals Ltd

On 15 September 2007 the parent entity acquired 100% of Pangaea Metals Ltd. At the date of acquisition, the acquired entity was involved in mining exploration.

The acquired business contributed revenues of $21 and net losses of $541,092 to the Group for the period from 15 September 2007 to 30 June 2008. If the acquisition had occurred on 1 July 2007, consolidated revenue and consolidated losses for the year ended 30 June 2008 would have been $21 and $601,605 respectively. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2007, together with the consequential tax effects.

The fair value of the shares issued was the market value of Broad Investment shares on the date of issue which was 0.8 cents. The options were valued using the black-scholes model at 0.0382 cents adopting a volitility of 25%, expiry of 30 April 2010, strike price of 0.5 cents and interest rate of 6.5%.

Details of the fair value of the assets and liabilities and goodwill on acquisition are as follows:

	$
Purchase consideration	
Cash consideration	1,100,000
300,000,000 shares @ 0.5 cents and 300,000,000 options exercisable @ 0.5c in Broad Investments Limited	2,646,000
Miscellaneous costs	11,134
Total	**3,757,134**

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

	Acquiree's Carrying amt $
Cash	(256,900)
Receivables	29,354
Capitalised exploration expenditure	1,078,213
Other assets	19,475
Payables	(51,000)
Borrowings	(760,000)
	59,142
Goodwill on acquisition	3,697,992
Total	**3,757,134**

The goodwill is attributable to the potential of selling the acquired business. The fair value of assets and liabilities acquired are based on cost. No acquisition provisions were created. It is possible the value of the tenements could be considerably higher than cost as additional exploration on some of the properties has provided more information on the tenements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

22 – BUSINESS COMBINATION (cont.)

(b) Mirrus Managed Services

On 1 April 2008 the Broad Investment subsidiary, Mirrus Pty Ltd, assumed control of the business Mirrus Managed Services. At the date of acquisition, the acquired business was involved in managed services and provisioning for the telecommunications industry.

The acquired business contributed revenues of $1,978,265 and net profit of $201,056 to the Group for the period from 1 April 2008 to 30 June 2008. The Group has no information on what the consolidated revenue and consolidated profit for the year ended 30 June 2008 would have been if the acquisition had occurred on 1 July 2007.

Details of the fair value of the assets and liabilities and goodwill on acquisition are as follows:

	$
Purchase consideration paid	
Cash consideration	1,656,975
395,000,000 shares @ 0.2 cents Broad Investments Limited	790,000
Discretionary – either cash or shares	710,000
Total	**3,156,975**

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

	Acquiree's Carrying amt $
Stock	1,356,975
Plant & equipment	250,000
	1,606,975
Goodwill on acquisition	550,000
Identifiable customer contract	1,000,000
Total	**3,156,975**

The goodwill is attributable to the workforce and the high profitability of the acquired business. The fair value of assets and liabilities acquired are based on cost. No acquisition provisions were created.

The identifiable customer contract is to be amortised over 5 years.

There were no acquisitions in the year ended 30 June 2007.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

23 - NOTES TO THE STATEMENTS OF CASH FLOWS

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
(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	**1,359,704**	**3,925,671**	**526,918**	**3,922,374**
(b) Reconciliation of after income tax to net cash flows from operating activities				
Loss after related income tax	(4,265,757)	(1,790,325)	(5,125,903)	(2,197,594)
Add / (less) investing & financing activities:				
Acquisition of subsidiary	650,000	-	650,000	-
Proceeds from disposal of business	-	(50,000)	-	-
Proceeds from sale of equity investments	(3,497,434)	-	(3,497,434)	-
Costs from disposal of business	-	2,025	-	-
Cost of sale of equity investments	3,627,606	-	3,627,606	-
Exploration expenditure	432,788	-	-	-
Add / (less) non-cash items:				
Depreciation and amortisation	82,712	23,008	19,964	18,478
Impairment of goodwill	2,426,779	427,026	-	-
Impairment of investment	-	-	2,485,921	425,000
Impairment of plant and equipment	-	27,734	-	-
Non-recovery of subsidiary loans	-	-	1,268,074	979,309
Expenses paid by share based payments	311,454	490,867	311,454	139,890
Costs from disposal of business	-	51,027	-	-
Net assets acquired in Pangaea acquisition	(2,171)	-	-	-
Net cash provided by / (used in) operating activities before changes in assets and liabilities	**(234,023)**	**(818,638)**	**(260,318)**	**(634,917)**
Changes in assets and liabilities during the financial year:				
(Increase) / decrease in assets				
Trade debtors	(23,001)	16,686	-	-
Other debtors	(622,915)	88,028	32,449	(39,639)
Inventories	(908,625)	25,682	(4,872)	-
Non-current receivables	(1,700)	-	-	-
Increase / (decrease) in liabilities				
Trade & other creditors	1,678,522	(581,785)	(84,466)	100,099
Provisions	(52)	8,718	-	-
Net cash provided by / (used in) operating activities	**(111,794)**	**(1,261,309)**	**(317,207)**	**(574,457)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

24 – FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

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

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

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

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

(b) Financial Risk Exposures and Management

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

(i) Interest Rate Risk

It is the policy of the consolidated entity to keep only a small level of cash in the main bank account. The remainder of the cash is kept either in an interest-bearing savings account with a floating interest rate or by unrelated third parties on behalf of the group where the interest rate may be significantly higher. Cash held on behalf of the consolidated entity by unrelated third parties have earned interest at rates up to 4% per month. Loans to, and from, related parties have earned, and/or paid, interest at a rate of 12% per annum. There have been no defaults by any of the third parties in repaying any interest or principal. The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

(ii) Foreign Currency Risk

The consolidated entity is exposed to fluctuations in foreign currencies arising from the purchase of goods 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 2008 US$	**30 June 2007 US$**
Inventory	243,690	-
Trade payables	(243,690)	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

24 – FINANCIAL RISK MANAGEMENT (cont.)

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

(iii) Liquidity Risk

The consolidated entity manages liquidity risk by monitoring forecast cash flows. Borrowings are expected to be needed for the 2008-2009 financial year.

(iv) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. There are no amounts of collateral held as security at balance date.

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

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

(v) Price Risk

The group is exposed to price risk through its share investments in the equity of corporations, classified on the Balance Sheet and through the P & L as available for sale. Most of these investments were in ASX listed companies. The prices of shares fell sharply during the 2007-2008 financial year and the group suffered a negative impact to the value of its investments accordingly.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

24 – FINANCIAL RISK MANAGEMENT (cont.)

(c) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Fixed Interest Rate Maturing			
	Weighted Average Effective Interest Rate (Per Annum)		**Floating Interest Rate**	
Consolidated Group	**2008 %**	**2007 %**	**2008 $**	**2007 $**
Financial assets - Current				
Cash assets	-	6%	1,190,704	2,914,502
Financial liabilities - Current				
Amounts payable related parties	12%	-	5,365	-

	Within 1 Year		**Non-Interest Bearing**	
Consolidated Group	**2008 %**	**2007 %**	**2008 $**	**2007 $**
Financial assets - Current				
Cash assets	1,359,704	2,914,502	-	1,011,169
Trade and other receivables	-	-	752,126	102,810
Investments	-	-	1,568,543	-
Total Financial Assets	**1,359,704**	**2,914,502**	**2,320,669**	**1,113,979**
Financial liabilities - Current				
Trade and other payables	-	-	3,285,949	847,427
Amounts payable to related parties	5,365	-	-	-
Borrowings	-	-	200,000	100,000
Total Financial Liabilities	**5,365**	**-**	**3,485,949**	**947,427**

	TOTAL	
Consolidated Group	**2008 $**	**2007 $**
Financial assets - Current		
Cash assets	1,359,704	3,925,671
Trade and other receivables	752,126	102,810
Investments	1,568,543	-
Total Financial Assets	**3,680,373**	**4,028,481**
Financial liabilities - Current		
Trade and other payables	3,285,949	847,427
Amounts payable related parties	5,365	-
Borrowings	200,000	100,000
Total Financial Liabilities	**3,491,314**	**947,427**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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 Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Less than 6 months	2,841,787	403,262	1,999,719	367,210
6 months to 1 year	-	-	-	-
1 to 5 years	185,923	185,923	185,923	185,923
Over 5 years	258,242	258,242	118,411	118,411
TOTAL	**3,285,949**	**847,427**	**2,304,053**	**671,544**

(d) Cash flow and net fair value

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

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

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

	2008		2007	
	Carrying Amount $	Net Fair Value $	Carrying Amount $	Net Fair Value $
Financial Assets				
Trade and other current receivables	752,126	752,126	102,810	102,810
Trade and other non current receivables	-	-	761,700	761,700
Available-for-sale financial assets at fair value	3,098,122	1,568,543	-	-
Investments accounted for using the equity method	-	-	1,104,000	1,104,000
TOTAL	**3,850,248**	**2, 320,669**	**1,968,510**	**1,968,510**
Financial Liabilities				
Amounts payable related parties	5,365	5,365	-	-
Borrowings	200,000	200,000	100,000	100,000
TOTAL	**205,365**	**205,365**	**100,00**	**100,000**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

24 – FINANCIAL RISK MANAGEMENT (cont.)

(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 2008, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the US Dollar, with all other variables remaining constant is as follows:

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Change in Profit				
Improvement in AUD to USD by 10%	-	-	-	-
Decline in AUD to USD by 10%	-	-	-	-
Change in Equity				
Improvement in AUD to USD by 10%	22,969	-	-	-
Decline in AUD to USD by 10%	(28,047)	-	-	-

(ii) Price Risk Sensitivity Analysis

At 30 June 2008, the effect on profit and equity as a result of changes in the price risk, with all other variables remaining constant would be as follows:

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Change in Profit				
Increase in ASX Share prices by 10%	357,244	-	357,244	-
Decrease in ASX Share prices by 10%	(357,244)	-	(357,244)	-
Change in Equity				
Increase in ASX Share prices by 10%	102,854	-	102,854	-
Decrease in ASX Share prices by 10%	(102,854)	-	(102,854)	-

(iii) Interest Rate Risk Sensitivity Analysis

At 30 June 2008, the effect on profit and equity as a result of changes in the interest rate risk, with all other variables remaining constant would be as follows:

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Change in Profit				
Increase in variable interest rate of 1%	23,030	7,881	23,030	7,881
Decrease in variable interest rate of 1%	(20,212)	(6,761)	(20,212)	(6,761)
Change in Equity				
Increase in variable interest rate of 1%	23,030	7,881	23,030	7,881
Decrease in variable interest rate of 1%	(20,212)	(6,761)	(20,212)	(6,761)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

24 – FINANCIAL RISK MANAGEMENT (cont.)

(e) Sensitivity Analysis (cont.)

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

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 Note1.

Name of Company	Interest held by each parent entity		
	Class of Shares	2008 %	2007 %
BROAD INVESTMENTS LIMITED			
Broad Securities Pty Ltd (i)	Ordinary	100	100
Broad IP Pty Ltd	A	100	100
	B	100	100
	C	100	100
	Ordinary	100	100
Elect Telecoms Pty Ltd	Ordinary	100	100
Glovebox Pty Ltd	Ordinary	100	100
Mirrus Pty Ltd (ii)	Ordinary	100	-
MTX Holdings Pty Ltd	Ordinary	100	100
MTX Direct Pty Ltd	Preference	100	100
Pangaea Metals Ltd (iii)	Ordinary	100	-

(i) Broad Securities Pty Ltd changed its name from Broad Infrastructure Investments Corp Pty Ltd on 23 May 2008.
(ii) Mirrus Pty Ltd was incorporated on 30 January 2008.
(iii) Pangaea Metals Ltd was acquired by Broad Investments Ltd on 15 September 2007.

Each of the above companies is incorporated in Australia.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

26 - COMMITMENTS

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
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	**85,932**	**1,669**	**-**	**1,669**
Representing:				
Operating lease on premises	**85,932**	**1,669**	**-**	**1,669**

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

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
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	**347,627**	**-**	**-**	**-**
Representing:				
Mining exploration leases	**347,627**	**-**	**-**	**-**

(ii) Additional commitment

To complete the acquisition of the Managed Services business by Mirrus, Broad Investments Ltd has guaranteed on behalf of Mirrus to pay the balance of the cash consideration of $1,006,000 (subject to final inventory count). Since balance date, amounts totalling $850,000 have already been paid, leaving a balance of $156,000 (subject to final inventory count). In addition there is a commitment to issue shares to the value of $710,000 after balance date. The vendor may at its discretion choose to take up to $500,000 of the share component also in cash but has at this stage indicated that it will accept the share consideration. This capital commitment has been recognised as a liability in the 2008 financial accounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

27 – KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors
The parent entity and ultimate parent entity within the Group is Broad Investments Ltd.

(b) Subsidiaries
Interest in subsidiaries are set out in Note 25.

(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	-
George Lee	Non-executive Director	22 March 2007	29 October 2007
Robin Armstrong	Non-executive Director	30 March 2007	-

(d) Other Key Management Personnel.

Key Management Person	Position	Employer
Andrew Cannington	Manager – MTX (from /3/2007 to 31/1/ 2008)	Glovebox Pty Ltd
Zac Karlaftis	Manager – MTX (from 1 February 2008 onwards)	Broad Investments Ltd
Tom Crowder	Manager – Mirrus (from 1 April to 31 May 2008)	Mirrus Pty Ltd

(i) Zac Karlaftis commenced working for the consolidated entity on 1 August 2007 but only filled the key management position of Manager – MTX on 1 February 2008.

(e) Key management personnel compensation

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
Short-term employee benefits	465,091	510,096	371,515	293,029
Share based payments	156,000	15,000	156,000	15,000
Post employment benefits	7,558	7,425	-	-
TOTAL	**628,649**	**532,521**	**527,515**	**308,029**

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

(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:

2008	Balance at the start of the year	Balance at start of employment	Share based payments received during the year	Other net changes during the year	Balance at end of employment	Balance at the end of the year
Directors						
Current						
Vaz Hovanessian	10,000,000	-	20,000,000	(8,500,000)	-	21,500,000
Neil Gibson	2,124,444	-	2,000,000	875,556	-	5,000,000
Johannes Scholtz	6,000,000	-	2,000,000	-	-	8,000,000
Robin Armstrong	-	-	2,000,000	-	-	2,000,000
Former						
George Lee	9,907,661	-	-	14,267,032	24,174,693	-
Other						
Current						
Zac Karlaftis	-	-	-	-	-	-
Former						
Andrew Cannington	1,000,000	-	-	-	1,000,000	-
Tom Crowder	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

27 – KEY MANAGEMENT PERSONNEL DISCLOSURES (cont.)

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

2007	Balance at the start of the year	Balance at start of employment	Share based payments received during the year	Other net changes during the year	Balance at end of employment	Balance at the end of the year
Directors						
Current						
Vaz Hovanessian	10,000,000	-	-	-	-	10,000,000
Neil Gibson	-	430,000	-	1,694,444	-	2,124,444
Johannes Scholtz	6,000,000	-	-	-	-	6,000,000
George Lee	-	-	-	9,907,661	-	9,907,661
Robin Armstrong	-	-	-	-	-	-
Former						
Thomas Egan	3,000,000	-	-	-	3,000,000	-
Brookes McTavish	-	5,646,200	4,250,000	229,401	10,125,601	-
Other						
Current						
Andrew Cannington	-	-	2,000,000	(1,000,000)	-	1,000,000
Former						
Guy Glover	34,850,000	-	23,000,000	(57,850,000)	-	-

There were no options granted to key management personnel during the reporting periods.

(g) Other transactions with Directors

Loans totalling $174,992 were received by Broad Investments Ltd on an unsecured basis from Raxigi Pty Ltd, a company associated with Vaz Hovanessian, during the year to 30 June 2008. As at 30 June 2008 the Broad Investments Ltd loan to Raxigi Pty Ltd was down to $5,365. Interest was charged to Broad Investments at 12% per annum and the total interest paid to Raxigi Pty Ltd was $949.

An unsecured loan of $16,460 was made to E-com Multi Ltd, an ASX listed company of which Vaz Hovanessian is a Director but does not have controlling interest. The advance was negotiated at arms-length by another director and interest was charged by Broad Investments at 12% per annum. The loan was guaranteed by E-Com Multi Directors. The total interest accrued as at 30 June 2008 was $1,781. The loan, including interest, is repayable by 31 October 2008.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

27 – KEY MANAGEMENT PERSONNEL DISCLOSURES (cont.)

(g) Other transactions with Directors (cont.)

As at 30 June 2007 $1,011,169.35 was held by Findlay & Co Stockbrokers (Underwriters) Pty Ltd, a company associated with director Robin Armstrong, in a trust account on behalf of Broad Investments Ltd. These funds were received by Findlays on behalf of the Company as part of a normal underwriting of the Company's Share Purchase Plan and other funds held in trust pending the purchase of shares. These funds were either applied as instructed by Broad Investments or returned to Broad Investments as at 29 August 2007. No interest was earned by Broad Investments Ltd during the period Findlay & Co Stockbrokers (Underwriters) Pty Ltd held these funds in their trust account.

During the financial year Broad Investments Ltd subscribed to the float of Findlay Securities Limited and purchased additional shares after the float, totalling 3,046,380 shares. Robin Armstrong is a director of Findlay Securities, but the decision to invest was made by the Board independent of Mr. Armstrong. The total cost of the purchase of these shares was $651,104. The value of these shares at the writing of this report was $456,957.

Broad Investments Ltd acquired 900,000 shares in XS Platinum Ltd at 60 cents per share for a value of $540,000 on 11 January 2008. These shares are held in trust for Broad Investments Ltd by Khan Stockbroking Pty Ltd. Khan Stockbroking has guaranteed that at the request of Broad Investments the shares will be sold or placed at a minimum of 80 cents per share, which should net a profit of $180,000.00

On 15 September 2007 the parent entity acquired 100% of Pangaea Metals Ltd. In accordance with the Pangaea acquisition prospectus George Lee, a director of Pangaea Metals Ltd, acquired 14,267,032 Broad Investments Ltd shares. Mr. Lee had owned his shares in Pangaea long before he became a Director of Broad Investments Limited for a short period to assist in the transition of the Pangaea acquisition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

27 – KEY MANAGEMENT PERSONNEL DISCLOSURES (cont.)

(g) Other transactions with Directors (cont.)

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

	Consolidated	
	2008	2007
	$	$
Revenue		
Interest (i)	1,781	-
Expenses		
Interest (ii)	949	33,244
Directors Fees	462,515	308,029
Rent & General Office Expenses (iii)	79,500	40,000
Consulting Fees (iv)	45,196	50,765
Printing (v)	-	3,968
Communications (vi)	-	2,028
Distribution costs (vii)	16,500	-
Annual Report Expenses (viii)	10,615	-
Computer Expenses – Hosting Services (ix)	32,724	-
Brokerage (x)	14,360	-

(i) Interest accrued on a loan of $16,460 made to E-com Multi Ltd, an ASX listed company of which Vaz Hovanessian.is a director, but does not have controlling interest i.

(ii) 2008 Interest paid on a loan of $174,992 made to Broad Investments Ltd by Raxigi Pty Ltd, a company associated with Vaz Hovanessian. 2007 Interest paid on sundry loans totalling $947,742 made to Broad Investments Ltd by Directors. These advances were made to Broad investments during periods when the Company was short of funds.

(iii) 2007 and 2008 Rent and general office expenses reimbursed to Managenet Pty Ltd, a company associated with Vaz Hovanessian. These were directly for Broad Investments' share of the occupation of its head office. This was negotiated at arms length between Board members of Managenet and the Company, other than Mr. Hovanessian.

(iv) In 2008, Pangaea Metals paid Advanced Tenement Services, a business associated with George Lee, consulting fees of $45,196 for geological services and the management of the Pangaea tenements. In 2007 Consulting fees for on-site computer support for the Broad IP project was supplied by Managenet Pty Ltd, a company associated with Vaz Hovanessian. These services were negotiated at arms length and provided at or below normal industry rates.

(v) Printing and collating for the Extraordinary General Meeting was undertaken by Telmedia Pty Ltd, a company associated with Vaz Hovanessian. These services were provided at below industry rates.

(vi) Communication expenses in relation to a "1800" phone number for BroadIP customer support were paid to Zintel Ltd, an NZSX listed company of which Johan Scholtz is a Director. The transaction was negotiated with a sales executive of Zintel and independent of Mr. Scholtz.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

27 – KEY MANAGEMENT PERSONNEL DISCLOSURES (cont.)

(g) Other transactions with Directors (cont.)

(vii) Costs for the distribution of a prospectus for a third party, from which Broad Investments received a fee, was undertaken by Telmedia Pty Ltd, a company associated with Vaz Hovanessian.

(viii) Expenses for the printing and distribution of the Broad Investments Ltd 2007 Annual Report were paid to Telmedia Pty Ltd, a company associated with Vaz Hovanessian.

(ix) Computer hosting services for the MTX Holdings, Glovebox and Mirrus Managed Services subsidiaries were charged by Managenet Pty Ltd, a company associated with Vaz Hovanessian.

(x) Brokerage fees incurred in the purchase and sale of equities intended for sale was paid in the normal course of business to Findlay & Co Stockbrokers Pty Ltd, a company in which Robin Armstrong is a director.

28 – CONTINGENT LIABILITIES

A dispute continues with Panasonic in relation to goods previously received and the failure of Panasonic to supply in a timely manner and in accordance with an exclusive supply arrangement. The disputed amount of $185,922 has been fully expensed and is reflected in the accounts. However, uncertainty exists as to the balance that is likely to be payable, given that the Group also has a substantial claim against Panasonic for breach of agreement. It is expected that the amount eventually determined is likely to be less than the liability recorded, but in the event Panasonic prevail in the dispute, additional legal fees may be payable.

Broad Investments Ltd has guaranteed the performance of its 100% owned subsidiary Mirrus Pty Ltd, including the financial obligations of Mirrus Pty Ltd under contract, with AAPT Limited, the major customer of Mirrus Pty Ltd.

29 - SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

No material events have occurred subsequent to balance date

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes are in accordance with the corporations Act 2001, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and

(b) 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 directors.

V Hovanessian
Chairman

30 September 2008

WHK Horwath

INDEPENDENT AUDITOR'S REPORT

To the members of Broad Investments Limited

Report on the Financial Report

We have audited the accompanying financial report of Broad Investments Limited (the Company) and Broad Investments Limited and Controlled Entities (the consolidated entity), which comprises the balance sheets as at 30 June 2008, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's Opinion

In our opinion the financial report of Broad Investments Limited and Broad Investments Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

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A WHK Group Firm

(a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 7-12 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Broad Investments Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001.*

Emphasis of matter on significant uncertainty

(a) Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated at Note 1(ii), there is significant uncertainty whether the company will be able to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Notwithstanding the current and prior year operating losses incurred, deficit of current asset over current liabilities, the financial report has been prepared on a going concern basis as the directors are of the opinion that the company will:

- Have sufficient cash to continue to meet its liabilities as and when they fall due;
- Raise sufficient additional equity funds via share placements or rights issues to fund new acquisitions to grow the company; and
- Generate sufficient future operating cash flows to support its ongoing operations.

Whk Horwath Sydney

WHK HORWATH SYDNEY

L Russell

LEAH RUSSELL
Principal

Sydney, 30 September 2008

CORPORATE GOVERNANCE STATEMENT

The board of directors of Broad Investments Limited is responsible for the corporate governance of the consolidated entity. The board guides and monitors the business and affairs of Broad Investments Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Corporate Governance Statement has been changed as a consequence of the introductions of the Australian Securities Exchange Corporate Governance Council's ("Council") "Principles of Good Corporate Governance and Best Practice Recommendations" and the Revised Principles issued in August 2007. In accordance with the recommendations of the Council, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the year. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. The Company's Corporate Governance Statement has been structured with reference to the Council's principles and recommendations. The following is a summary of The Company's adherence to the Council's principles and recommendations:

Principle 1. Lay the Company's foundations for management and oversight
The Company has generally adopted the recommendations taking into account the size of the Company, its operations and the practical aspects of the adoption of the recommendations.

Principle 2. Structure the board to add value
The Company complies with this recommendation. All non-executive Directors are independent and no Directors, including the executive chairman, are substantial shareholders or are associated with anyone who is and their skills are considered appropriate for a company the size of Broad Investments.

Principle 3. Promote ethical and responsible decision making
The Company complies with this recommendation.

Principle 4. Safeguard integrity in financial reporting
The Company does not need to comply with this recommendation as it does not fall within the ASX All Ordinaries Index (Top 500). Nevertheless it does have an audit committee which comprises of one Executive Director, Mr. Vaz Hovanessian (Chairman of Committee) and one independent non-executive Director, Mr. Johannes Scholtz. Mr. Vaz Hovanessian has accounting qualifications and considerable financial and accounting experience and knowledge and he is a CPA. Mr. Scholtz has accounting qualifications and experience in financial reporting and has held senior accounting and management positions both in Australia and overseas.

Principle 5. Make timely and balanced disclosure
The Company complies with this recommendation.

Principle 6. Respect the rights of shareholders
The Company complies with this recommendation.

Principle 7. Recognise and manage risk
The Company complies with this recommendation

Principle 8. Encourage enhanced performance
The Company complies with this recommendation.

Principle 9. Remunerate fairly and responsibly
The Company complies with this recommendation.

Principle 10 Recognise the legitimate interests of stakeholders
The Company complies with this recommendation.

The Company's Corporate Governance Policies and Procedures were implemented by the Board on 1st June 2004 and reviewed in December 2007 following the relesae of the Revised Principles in August 2007 and are largely consistent with the Council's best practice recommendations. Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company does not consider that the practices are appropriate for the Company due to the scale and nature of the Company's operations.

BOARD OF DIRECTORS

(i) Role of the Board
The Board's current role is to collectively govern and manage the Company. The Directors must act in the best interests of the Company as a whole. It is the role of the Board to govern and manage the Company in accordance with the stated objectives of the Company.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility of the successful operations of the Company.

To assist the Board carry out its functions, it has developed a code of conduct to guide the Directors in the performance of their roles.

(ii) Composition of the Board
To add value to the Company, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience are stated in the Directors' Report. Directors are appointed based on their experience and on the independence of their decision-making and judgment.

The Company's Constitution provides for the appointment of a minimum number of directors as three and up to a maximum of nine. Currently the Company has four directors comprising one executive director and three non-executive directors. The Constitution does not require a shareholding qualification for directors.

(ii) Composition of the Board (cont.)

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Messrs Neil Gibson, Robin Armstrong and Johannes Scholtz are the non-executive Directors. All non-executive Directors meet all of the set criteria to qualify as independent directors.

An Independent Director:

- is a Non-Executive Director and:
- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Mr. Vaz Hovanessian is the Executive Chairman and also holds the position of Company Secretary. Mr. Hovanessian is responsible for the overall administration and management of the Company, and therefore does not meet the Company's criteria for independence. However, his contribution and experience is such that it is appropriate for him to retain his position.

(iii) Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

(iii) Responsibilities of the Board (cont.)

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board, management and employees.
- Strategy Formulation: working to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the company.
- Overseeing Planning Activities: overseeing the development of the Company's strategic plan and approving that plan as well as the annual and long-term budgets.
- Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- Monitoring, Compliance and Risk Management: overseeing the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the company.
- Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
- Human Resources: appointing, and, where appropriate, removing the Chief Executive Office (CEO), if one is appointed and Chief Financial Officer as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's Strategy.
- Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing ad reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- Delegation of Authority: where appropriate, delegating appropriate powers to the Company's executives to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of any Committees of the Board.

BOARD POLICIES

(i) Conflicts of Interest

Directors must disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parities in carrying out the activities of the Company and if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

(ii) Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director the Company

(iii) Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

(iv) Continued Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules, the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Upon confirmation of receipt from the ASX, the Company is able to publish the information in accordance with this policy.

(v) Education and Induction

Since the adoption of the Council's recommendations the Board has agreed that new Directors will undergo an induction process in which they are given a full briefing on the Company. Information that will be conveyed to new Directors includes:

- details of the roles and responsibilities of a Director with an outline of the qualities required to be successful Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- details of all relevant legal requirements;
- a copy of the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board including anticipated regulatory changes;
- background information on and contact information for key people in the organisation including an outline of their roles ad capabilities;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company including a copy of the current strategic plan and annual budget; and
- a copy of the Constitution of the Company.

(vi) Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

(vii) Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company and will be reported in writing to each Board meeting. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

(viii) Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights, the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company:
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number for shareholders to make enquiries of the Company.

(ix) Performance Review / Evaluation

The Board intends to conduct an evaluation of its performance annually. There was no evaluation conducted during the financial year.

(x) Trading in Company Shares

The Company has a Share Trading Policy under which Directors are required to discuss their intention to trade in the Company's securities with the Chairman prior to trading. Consideration will be given in these discussions to any special circumstances (e.g. financial hardship).

Directors must not trade in the shares of any other entity if inside information on such entity comes to the attention of the Director by virtue of holding office as a director of the Company.

The following guidelines are to be observed by Directors and employees of the Company:

- Securities may be purchased or sold during the two week period immediately following the release of the Company's half-yearly and final results ("results announcement") (subject to observing the additional approval requirements set out below).
- Securities should not be purchased or sold during the two week period preceding any results announcements.
- Securities should not be purchased or sold preceding any material ASX announcement by the Company, if the employee is aware that it is likely that such announcement will be made.
- Securities should generally not be purchased or sold for the purpose of short-term speculation.
- Securities may be purchased or sold at other times (subject to additional disclosure requirements established by the Board).

In addition, consistent with the law, designated officers are prohibited from trading in the Company's securities while in the possession of unpublished price sensitive information concerning the Company. Unpublished price sensitive information is information regarding the Company of which the market is not aware and that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Notice of an intention to trade must be given prior to trading in the Company's securities as well as a confirmation that the person is not in possession of any unpublished price sensitive information. The completion of any such trade by a Director must also be notified to the Company Secretary who in turn advises the ASX.

(xi) Attestations by CEO

In accordance with the Board's policy, the CEO, if one is appointed, is required to make the attestations recommended by the ASX Corporate Governance Council as to the Parent Company's and the respective subsidiaries' financial condition prior to the Board signing the Annual report. In the absence of a CEO, the Executive Chairman will provide such an attestation.

BOARD COMMITTEES

(i) Audit & Compliance Committee

The Board has established an Audit and Compliance Committee although given the size of the Company it is not mandatory for it to do so. The Committee operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company to deal with the effectiveness and efficiency of business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. The Board has delegated the responsibility for the establishment and maintenance of the internal control framework and ethical standards to the Audit and Compliance Committee. The committee's responsibilities include the following:

- oversee and appraise the independence, quality and extent of the total audit effort;
- perform an independent overview of the financial information prepared by Company management for shareholders and prospective shareholders;
- evaluate the adequacy and effectiveness of the Company's and the Group's risk management and financial control, and other internal control systems and evaluate the operation thereof;
- review and endorse the annual and half year attestation statements in accordance with regulatory requirements.
- The appointment of external auditors
- Review and implement risk management and internal control structures appropriate to the needs of the Company;
- Monitor compliance issues, applicable laws and regulations, particularly compliance with the Australian Securities Exchange Listing Rules;
- Review all public releases to the ASX of material consequence, prior to release to the market; and
- Review of Corporate Governance Practices.

The current members of the audit and Compliance Committee are Messrs Vaz Hovanessian (Chairman) and Mr. Johannes Scholtz**.** There were two meetings held during the financial year.

The qualifications of audit and compliance committee members are as follows:

Mr. Hovanessian is Chairman of the Audit and Compliance Committee. He has accounting and finance qualifications and has significant experience in the management and administration of companies and knowledge in finance and accounting. He has served on other audit committees.

Mr. Scholtz has a Bachelor of Commerce degree and was a chartered accountant in South Africa before immigrating to Australia. He has had senior financial roles and has extensive knowledge and experience in corporate finance.

(ii) Remuneration Committee

The Directors have decided not to appoint a Remuneration Committee due to the scale and nature of the Company's activities. However, the Board actively researches appropriate remuneration for senior employees in particular and a decision is generally made by all Board members at a meeting.

(ii) Remuneration Committee (cont.)

It is the Company's objective to provide maximum stakeholder benefit from the retention of high quality board by remunerating directors fairly and appropriately with reference to relevant market conditions. To assess in achieving this objective, the Board attempts to link the nature and amount of directors' emoluments to the Company's performance. The outcome of the remuneration structure is:

- the retention and motivation of key executives;
- attraction of quality personnel with appropriate expertise; and
- performance incentives that allow executives to share the rewards of the success of the Company.

For details of the amount of remuneration and all monetary and non-monetary components for each of the directors during the financial year, refer to the Directors' Report. There is no scheme to provide retirement benefits, other than statutory superannuation for Directors who are paid a salary. For further information in relation to the remuneration of Directors, refer to the Directors' Report.

(iii) Nomination Committee

The Directors have decided not to appoint a Nomination Committee due to the scale and nature of the Company's activities. Subject to the provision of the Company's Constitution, the issues of board composition and selection criteria for directors are dealt with by the full board. The board continues to have the mix of skills and experience necessary for the conduct of the Company's activities.

The Constitution provides for events whereby directors may be removed from the board. Similarly shareholders have the ability to nominate, appoint and remove directors. In addition, the Constitution provides for the regular rotation of directors which ensures that directors seek re-election by shareholder at least once every three years. Given these existing regulatory requirements, directors are not appointed for a specified term and directors' continuity of service is in the hands of shareholders.

COMPANY CODE OF CONDUCT

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as a whole. This Code includes the following:

(i) Responsibilities to Shareholders and the Financial Community Generally

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

(ii) Responsibilities to Clients, Customers and Consumers

Each employee has an obligation to use their best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers. The Company for its part is committed to providing clients, customers and consumers with fair value.

(iii) Employment Practices

The Company endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources.

(iv) Obligations Relative to Fair Trading and Dealing

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company strives to deal fairly with the Company's customers, suppliers, competitors and other employees and encourages its employees to strive to do the same.

(v) Responsibilities to the Community

The Company is committed to conducting its business in accordance with applicable environmental laws and regulations and encourages all employees to have regard for the environment when carrying out their jobs.

(vi) Responsibility to the Individual

The Company is committed to keeping private information collected during the course of its activities, confidential and protected from uses other than those for which it was provided.

(vii) Conflicts of Interest

Employees and Directors must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

(viii) How the Company Complies with Legislation affecting its Operations

Within Australia, the Company strives to comply with the spirit and the letter of all legislation affecting its operations. Outside Australia, the Company will abide by local laws in all countries. Where those laws are not as stringent as the Company's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts", Company policy will prevail

(ix) How the Company Monitors and Ensures Compliance with its Code

The Board, management and all employees of the Company are committed to implementing this code of conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the code.

(x) Role of Shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the company's state of affairs. Information is communicated to shareholders as follows:

- The Annual Financial Report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document). The Board ensures that the annual report includes relevant information about the operations of the Company during the financial year, changes in the state of affairs of the Company and details of future developments, in addition to other disclosures required by the Corporation Act 2001;
- Release of a half-yearly Report to the Australian Securities Exchange Limited; and
- Proposed major changes in the economic entity, which may impact on share ownership rights, are submitted to a vote of shareholders.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

Shareholders are responsible for voting on appointment of directors, appointment of auditors, level of remuneration of Non-Executive Directors and any matters of special business.

AUSTRALIAN SECURITIES EXCHANGE ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 23 September 2008.

A Distribution of equity securities

	Class of equity security				
Number Held	**Ordinary shares**	**Options @ exercise price 0.4c**	**Options @ exercise price 0.375c**	**Options @ exercise price 0.35c**	**Options @ exercise price 0.72c**
1 - 1,000	118	-	-	-	-
1,001 - 5,000	256	-	-	-	-
5,001 - 10,000	152	-	-	-	-
10,001 - 100,000	521	-	-	-	-
100,001 and over	1,560	2	2	2	2
TOTAL	**2,607**	**2**	**2**	**2**	**2**

1,654 shareholders held less than a marketable parcel at 23 September 2008.

B Equity security holders

(i) Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary Shares	
Name	**Number held**	**% of issued shares**
AMS Global Limited	155,000,000	4.87
Scarecrow Joe's Pty Ltd	110,697,143	3.48
Khan Stockbroking Pty Ltd	81,000,000	2.54
Fortis Clearing Nominees Pty Ltd	57,389,737	1.80
Mr Shay Shimon Hazan	52,000,000	1.63
Jemaya Pty Ltd	48,000,000	1.51
Hotel 8888Pty Limited	41,666,667	1.31
Prattenville Pastoral Co	40,224,338	1.26
Secu Pty Ltd	40,224,338	1.26
Sonlen Pty Limited	40,224,338	1.26
Public Trustee	37,900,000	1.19
MCG Capital Pty Ltd	33,000,000	1.04
Iron Investments Ltd	30,567,793	0.96
Mr Pierre Bayssari	29,194,056	0.92
Mr Hong Khanh Thai	29,000,000	0.91
MND Australia Pty Ltd	28,856,274	0.91
Eastern Pacific Navigation	25,416,667	0.80
Scan Japan Lines Ltd	25,416,667	0.80
Mr George Isaac	24,998,443	0.79
Mr Michael Walter Scott	24,945,496	0.78
TOTAL TOP 20 SHAREHOLDERS	**955,721,957**	**29.11**

AUSTRALIAN SECURITIES EXCHANGE ADDITIONAL INFORMATION (cont.)

B Equity security holders (cont.)

(ii) Unquoted equity securities

Type	Number on issue	Number of holders
Options for ordinary shares expiring on 31 January 2009 exercisable at 0.4c	12,500,000	1
Options for ordinary shares expiring on 31 January 2009 exercisable at 0.375c	20,000,000	1
Options for ordinary shares expiring on 31 January 2009 exercisable at 0.35c	14,842,985	2
Options for ordinary shares expiring on 30 April 2010 exercisable at 0.5c	300,000,000	2

The following hold greater than 20% of each class of option

Options for ordinary shares expiring on 31 January 2009 exercisable at 0.4c	Number held
PT Krisna Jaya Indra Lestari	12,500,000

Options for ordinary shares expiring on 31 January 2009 exercisable at 0.375c	Number held
PT Krisna Jaya Indra Lestari	20,000,000

Options for ordinary shares expiring on 31 January 2009 exercisable at 0.35c	Number held
PT Krisna Jaya Indra Lestari	11,666,667
Mr. Alan Paxton	3,176,318

Options for ordinary shares expiring on 30 April 2010 exercisable at 0.5c	Number held
PT Krisna Jaya Indra Lestari	220,000,000
YRC Nominees Pty Ltd	80,000,000

C VOTING RIGHTS

Ordinary shares

In accordance with the Constitution of the Company, on a show of hands, every shareholder present in person or by proxy, attorney or representative has one vote and on a poll, every shareholder present in person or by proxy, attorney or representative has:

- in respect of fully paid shares, one vote for every share held; and
- in respect of partly paid shares, such number of votes as bears the same proportion to the total number of such shares held as the amount of the paid up issue price bears to the total price.

Options

Options have no voting rights.

CORPORATE DIRECTORY

Directors	Vaz Hovanessian – Executive Chairman Neil Gibson – Non executive Director Johannes Scholtz – Non executive Director Robin Armstrong – 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, NSW. 6953 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
Auditors	WHK Horwath 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