

Broad Investments Limited

ABN 91 087 813 090

and Controlled Entities

Annual Financial Report

2010

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

CONTENTS	PAGE
Chairman's letter	3
Directors' report	4
Auditor's independence declaration	13
Statement of comprehensive income	14
Statement of financial position	15
Statement of changes in equity	16
Statements of cash flows	17
Notes to the financial statements	18
Directors' Declaration	78
Independent audit report	79
Corporate governance statement	81
Australian Securities Exchange additional information	92
Directory	94

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

Dear Shareholder,

The 2010 Financial Year has been a year of consolidation and a year during which your Board has been cautious in preserving cash and reducing losses whilst gradually emerging from the effects of the Global Financial Crisis in a better position than at the start of it.

The Group's principal activities have continued to be in the managed and provisioning services in the communications and ICT market via its subsidiary Mirrus Pty Limited.

The Group also has an investment in a junior mining and exploration company, Pangaea Metals Limited ("Pangaea"), where the preferred intention has always been to spin it off into a separate ASX listed entity and making an in-specie distribution of its shares to shareholders. However, with the decision to preserve cash and reduce costs, exploration activities during the year were kept to a minimum and the portfolio of properties reduced by way of resumption or part surrender to the relevant mines department. It is hoped that during the current financial year greater success will be achieved with the remaining tenements for shareholders, which may include the outright sale of Pangaea into an existing ASX listed mining company for shares, with the intention of distributing such shares to shareholders.

The decision by Directors to consolidate its activities during the year has resulted in a substantial decrease in losses for the financial year to \$252K, relative to the net loss of \$5.6M in 2009. Whilst revenue from ordinary activities decreased by 31% on the previous financial year; this was attributable to the Group's managed and provisioning services business ceasing its sales of stock as part of its services due to this activity requiring substantial investment in inventory and warehousing and being loss making. As a consequence of the above the Group enjoyed a net positive cash flow from operating activities for the year of \$353,785 (in 2009 a net negative cash flow of \$99,196).

Your Directors believe that given the Company's cash at bank, receivables and readily convertible ASX investments on its Balance Sheet, that the true value of your Company may not be reflected in the market. During the rest of the current financial year your Directors intend to focus on ensuring that Company's securities are trading at their full value and seeking the acquisition of a positive cash flow business to complement its existing business and to consider other worthwhile investments that may add value for shareholders, including any property and financial services business, where your Directors have considerable expertise in.

I would like to take this opportunity to thank shareholders for their support and interest in the Company throughout the year and to also thank my fellow Directors who, while working for only a nominal amount, have always been ready to assist in whatever way they could in the Company's operations, at any time and at short notice.

Yours faithfully

Vaz Hovanesian
Executive Chairman

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

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

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

There were no changes in the nature of the consolidated group activities during the financial year.

REVIEW AND RESULTS OF OPERATIONS

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

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

The financial position for the year ended 30 June 2010 was net assets of \$1,983,551 (2009 net assets \$1,691,811). The increase in net assets was largely attributable to the reduction in trade and other payables, by the write back of a contingent liability which had been recognised in prior periods and the payment of a debt by the issue of shares.

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

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

DIRECTORS' REPORT (cont.)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

(i) Acquisitions

During the financial year no acquisitions were made.

(ii) Disposals

During the financial year no disposals were made.

(iii) Changes to Capital

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

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

DIVIDENDS

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

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

No material events have occurred subsequent to balance date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

ENVIRONMENTAL REGULATION PERFORMANCE

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

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

DIRECTORS' REPORT (cont.)

INFORMATION ON DIRECTORS

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

Executive Chairman

Mr Vaz Hovanessian

Non-executive Directors

Mr Neil Gibson

Mr Johannes Scholtz

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

Name and qualifications	Age	Experience and special responsibilities
Vaz Hovanessian B.Bus., M.App.Fin, CPA, FCSA.	55	<p>Executive Chairman, Company Secretary, Chief Executive and Chief Financial Officer. Member of the Audit committee. Over 28 years' experience in corporate and financial services and/or public company directorships.</p> <p>A successful businessman, with extensive interests in property and tourism. Appointed on 30 December 2003.</p> <p><i>Other current directorships</i></p> <p>Executive Chairman of Strathfield Group Limited (appointed 12 December 2008)</p> <p>Executive Chairman of E-com Multi Limited (appointed 25 September 1996)</p> <p><i>Former Directorships in the last 3 years</i></p> <p>Non-executive Director of FairStar Resources Limited (appointed 15 March 2008; resigned 18 January 2010).</p>
Neil Gibson	68	<p>Non-executive Director. Mr. Gibson is an accountant with varied experience in business including company secretarial, stock broking, rural properties and hotels and 15 years in communications services business in Queensland, Northern Territory and country New South Wales. Appointed 22 September 2006.</p> <p><i>Other current directorships</i></p> <p>Chairman of Australian Property Systems Limited (appointed 27 November 2009)</p>
Johannes Scholtz B. Commerce	46	<p>Non-executive Director and Chairman of the Audit Committee. Has over 15 years experience in senior level management in Australia, New Zealand & South Africa, in the manufacturing and steel industries, including Corporate finance roles and turnarounds of small companies. Appointed on 30 May 2005.</p>

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

DIRECTORS' REPORT (cont.)

COMPANY SECRETARY

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

MEETINGS OF DIRECTORS

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

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

REMUNERATION REPORT

(a) Remuneration policy

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

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

(b) Directors' & executive's remuneration

Directors' fees

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

The following fees have applied:

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

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

DIRECTORS' REPORT (cont.)

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

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

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

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

Other Key Management Personnel:

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

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

DIRECTORS' REPORT (cont.)

REMUNERATION REPORT (cont.)

(c) Service agreements

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

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

Michael Saliba, *General Manager – Mirrus Managed Services*

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

(d) Directors' Interests

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

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

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

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

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

DIRECTORS' REPORT (cont.)

SHARES UNDER OPTION

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

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

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

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

INSURANCE OF OFFICERS

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

There is no D&O policy in place for Directors & Officers.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

DIRECTORS' REPORT (cont.)

NON-AUDIT SERVICES

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

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

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

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

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 13.

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



Vaz Hovanesian
Chairman

Sydney
30 September 2010

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BROAD INVESTMENTS LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Whk Horwath

WHK Horwath Sydney

Leah Russell

Leah Russell

30 September 2010

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

		Consolidated	
	Note	2010 \$	2009 \$
Sales revenue	4	4,574,868	6,763,502
Other revenue	4	58,018	10,262
Total revenue from continuing operations	4	4,632,886	6,773,764
Less:			
Cost of sales	6	(3,165,078)	(5,165,185)
Gross profit		1,467,808	1,608,579
Employee benefits expense		(442,725)	(475,704)
General & administrative expenses		(1,040,995)	(1,379,307)
Finance costs	6	(25,957)	(2,526)
Depreciation & amortisation expenses	6	(268,704)	(336,207)
Net bad and doubtful debts	6	-	(119,000)
Net realised loss on short-term investments	6	-	(860,689)
Impairment of current assets	6	-	(1,603,454)
Impairment of non-current assets	6	(56,450)	(2,234,978)
Loss on disposal of non-current assets	6	(5,347)	(10,437)
Expenses previously expensed written back	6	169,021	-
Total expenses from ordinary activities		(1,671,157)	(7,022,302)
Profit / (loss) before income tax expense		(203,349)	(5,413,723)
Income tax expense	7	-	-
Profit / (loss) from continuing operations		(203,349)	(5,413,723)
Profit / (loss) from discontinued operations after tax	22	(48,909)	(187,081)
Net profit / (loss) for the period	21(b)	(252,258)	(5,600,804)
Other comprehensive income			
Net change in fair value of available for sale financial assets		347,310	1,529,579
Total comprehensive income / (loss) for the period net of tax		95,052	(4,071,225)
Profit / (loss) attributable to:			
Members of the parent entity	21(b)	(252,258)	(5,600,804)
Total comprehensive income / (loss) attributable to:			
Members of the parent entity		95,052	(4,071,225)
Earnings per share for profit attributable to the ordinary equity holders of the company			
Basic loss per share (cents)	8	(0.05)	(1.48)
Diluted loss per share (cents)	8	(0.05)	(2.06)
Earnings per share for comprehensive income attributable to the ordinary equity holders of the company			
Basic loss per share (cents)	8	0.02	(1.08)
Diluted loss per share (cents)	8	0.02	(1.50)

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

		Consolidated	
	Note	2010	2009
		\$	\$
Current assets			
Cash and cash equivalents	10	328,276	532,285
Trade and other receivables	11	803,773	694,518
Inventories	12	-	876,692
Financial assets at fair value through profit or loss	13	4,480	1,512
Financial assets available for sale	14	654,244	107,934
Total current assets		1,790,773	2,212,941
Non-current assets			
Trade and other receivables	11	2,600	2,970
Plant and equipment	15	149,984	213,156
Intangible assets	16	1,125,000	1,325,000
Total non-current assets		1,277,584	1,541,126
Total assets		3,068,357	3,754,067
Current liabilities			
Trade and other payables	17	1,057,941	1,988,234
Borrowings	18	-	55,544
Provisions	19	26,865	18,478
Total current liabilities		1,084,806	2,062,256
Total liabilities		1,084,806	2,062,256
Net assets		1,983,551	1,691,811
Equity			
Contributed equity	20	23,137,430	22,940,742
Financial asset revaluation reserve	21(a)	1,493,310	1,146,000
Accumulated losses	21(b)	(22,647,189)	(22,394,931)
Total equity		1,983,551	1,691,811

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

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

Consolidated	Note	Share Capital- Ordinary	Reserves	Accumulated losses	Total
		\$	\$	\$	\$
Balance at 1-7-2008		22,237,240	(383,579)	(16,794,127)	5,059,534
Contributions of equity net of transaction costs	20	703,502	-	-	703,502
Part reversal of prior year Impairment of financial assets available-for-sale	21(a)	-	1,529,579	-	1,529,579
Loss attributable to members of parent entity	21(b)	-	-	(5,600,804)	(5,600,804)
Balance at 30-6-2009		22,940,742	1,146,000	(22,394,931)	1,691,811
Balance at 1-7-2009		22,940,742	1,146,000	(22,394,931)	1,691,811
Contributions of equity net of transaction costs	20	196,688	-	-	196,688
Total other comprehensive income	21(a)	-	347,310	-	347,310
Loss attributable to members of parent entity	21(b)	-	-	(252,258)	(252,258)
Balance at 30-6-2010		23,137,430	1,493,310	(22,647,189)	1,983,551

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

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

		Consolidated	
	Note	2010	2009
		\$	\$
Cash flows from operating activities			
Receipts from customers		5,257,806	6,848,164
Payments to suppliers and employees		(4,930,919)	(6,955,097)
Interest received		52,855	10,263
Interest paid		(25,957)	(2,526)
Net cash provided by / (used in) operating activities	24(b)	353,785	(99,196)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash		-	(975,000)
Payment for equity investments		(199,000)	(341,843)
Payment for physical non-current assets		(11,387)	(54,063)
Payment for other non-current assets		-	-
Proceeds from disposal of equity investments		-	871,248
Loans to other entities		(584,000)	(158,110)
Loans repaid by other entities		334,650	158,110
Exploration Expenditure		(39,005)	(72,246)
Net cash provided by / (used in) investing activities		(498,742)	(571,904)
Cash flows from financing activities			
Proceeds from issue of equity securities		-	-
Capital raising costs		(1,919)	(6,498)
Proceeds from borrowings		230,000	758,000
Repayment of borrowings		(287,133)	(907,821)
Net cash provided by / (used in) financing activities		(59,052)	(156,319)
Net increase / (decrease) in cash held		(204,009)	(827,419)
Cash at beginning of financial year		532,285	1,359,704
Cash at end of financial year	24(a)	328,276	532,285

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

CONTENTS TO THE NOTES OF THE FINANCIAL STATEMENTS

Note		Page
1	Summary of significant accounting policies	19
2	Critical accounting estimates and judgements	36
3	Parent information	37
4	Revenue	38
5	Auditors' remuneration	38
6	Expenses	39
7	Income tax expense	40
8	Earnings per share	41
9	Segment reporting	42
10	Cash and cash equivalents	48
11	Trade and other receivables	48
12	Inventories	50
13	Financial assets at fair value through profit or loss	50
14	Investments	51
15	Plant and equipment	52
16	Intangible assets	52
17	Trade and other payables	55
18	Borrowings	55
19	Provisions	55
20	Contributed equity	56
21	Reserves & accumulated losses	59
22	Discontinued operations	60
23	Business combinations	61
24	Notes to the statements of cash flows	62
25	Financial risk management	63
26	Controlled entities	71
27	Commitments	71
28	Related party transactions	72
29	Contingent liabilities	77
30	Significant events subsequent to balance date	77

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

This financial report includes the consolidated financial statements and notes of Broad Investments Limited and controlled entities ('Consolidated Group' or 'Group'). Broad Investments Limited is a company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Broad Investments Limited, has not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001* as at 28 June 2010.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (AASBs), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue by the Board of Directors on 29th September 2010. There is a right to amend the financial statements after they have been issued.

Going concern

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

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Going concern (cont.)

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

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

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

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

Significant Accounting Policies

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

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

(a) Principles of Consolidation

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

A list of controlled entities is contained in Note 26 to the financial statements.

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(a) Principles of Consolidation (cont.)

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

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

(b) Segment reporting

Under AASB 8, operating segments are determined using the ‘management approach’. The ‘management approach’ requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity’s chief operating decision maker, for the purpose of allocating resources and assessing performance.

(c) Foreign Currency Transactions and Balances

Functional and Presentation Currency

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

Transaction and Balances

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

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

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(d) Revenue and other income

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:

Sale of Goods

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

Managed Services

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

Asset sales

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

Interest revenue

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

(e) Income Taxes

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(e) Income Taxes (cont.)

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(f) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(f) Goods and Services Tax (cont.)

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g) Business combinations

Business combinations occur when an acquirer obtains control over one or more business and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership is held in the acquiree.

The consideration transferred for a business combination shall form the cost of the investment in the separate financial statements. Such consideration is measured at fair value at acquisition date and consists of the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Included in the measurement of consideration is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to a contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as receivables. Subsequent to initial recognition, a contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. A contingent consideration classified as an asset or liability is remeasured at the end of each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(h) Impairment of assets

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

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

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

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(j) Trade receivables

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

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

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(k) Inventories

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

(l) Plant and equipment

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

Owned assets

Plant and equipment are measured on the cost basis.

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

Depreciation

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

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

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

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

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

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(m) Leases

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

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(n) Intangible assets

Goodwill

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

Customer contracts

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(o) Exploration expenditure

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

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

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

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

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

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

(p) Trade and other payables

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

(q) Borrowing costs

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

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(r) Share based payment transactions

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

(s) Earnings per share

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

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

(t) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(u) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(v) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

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

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(v) Financial instruments (cont.)

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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

Financial assets at fair value through profit or loss

Financial assets are classified at ‘fair value through profit or loss’ when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group’s intention to hold these investments to maturity. They are subsequently measured at amortised cost.

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(v) Financial instruments (cont.)

Available-for-sale financial assets

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

Financial liabilities

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

Fair value

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

Impairment

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(w) Interest Bearing Liabilities

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

(x) Contributed Equity

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

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

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(x) 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.

(y) Comparative figures

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

(z) Discontinued operations

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

(aa) Adoption of new and revised accounting standards

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

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

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Group's financial statements.

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

AASB 8: Operating Segments (cont.)

Measurement impact

Identification and measurement of segments — AASB 8 requires the ‘management approach’ to the identification measurement and disclosure of operating segments. The ‘management approach’ requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity’s chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the ‘management approach’ to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the ‘management approach’, whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker.

Impairment testing of the segment’s goodwill

AASB 136: Impairment of Assets, para 80 requires that goodwill acquired in a business combination shall be allocated to each of the acquirer’s CGUs, or group of CGUs that are expected to benefit from the synergies of the combination. Each cash generating unit (CGU) which the goodwill is allocated to must represent the lowest level within the entity at which goodwill is monitored, however it cannot be larger than an operating segment. Therefore, due to the changes in the identification of segments, there is a risk that goodwill previously allocated to a CGU which was part of a larger segment could now be allocated across multiple segments if a segment had to be split as a result of changes to AASB 8.

Management have considered the requirements of AASB 136 and determined the implementation of AASB 8 has not impacted the CGUs of each operating segment.

Disclosure impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact

Terminology changes — the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — the revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income — the revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

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

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

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- i. simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
 - ii. simplifying the requirements for embedded derivatives;
 - iii. removing the tainting rules associated with held-to-maturity assets;
 - iv. removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
 - v. allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
 - vi. reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
 - a) the objective of the entity's business model for managing the financial assets; and
 - b) the characteristics of the contractual cash flows.
- AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

- AASB 2009-8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

(aa) Adoption of new and revised accounting standards (cont.)
New Accounting Standards for Application in Future Periods (cont.)

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

2 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Key Estimates

Impairment

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. These calculations require the use of assumptions. Refer to Notes 11 and 16 for detailed assumptions.

Income taxes

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

The Group has not recognised deferred tax assets relating to carried forward tax losses as the group has not met the probability test that losses would be utilised in the near future. In addition the same business test and ownership rules would need to be reviewed. The total unrecognised tax losses are \$7,848,737, and total temporary differences, or deferred tax assets not recognised is Nil (2009: Nil).

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

3 – PARENT INFORMATION

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

	2010	2009
	\$	\$
Current assets		
Cash and cash equivalents	316,910	519,390
Trade and other receivables	299,447	33,621
Financial assets at fair value through profit or loss	4,480	1,512
Financial assets available for sale	654,244	107,934
Total current assets	1,275,081	662,457
Non-current assets		
Trade and other receivables	791,278	2,169,792
Investments accounted for using the equity method	50,000	50,000
Plant and equipment	20,197	42,368
Total non-current assets	861,475	2,262,160
Total assets	2,136,556	2,924,617
Current liabilities		
Trade and other payables	104,064	829,318
Borrowings	-	55,544
Total current liabilities	104,064	884,862
Total liabilities	104,064	884,862
Net assets	2,032,492	2,039,755
Equity		
Contributed equity	23,139,175	22,942,487
Financial asset revaluation reserve	1,493,310	1,146,000
Accumulated losses	(22,599,993)	(22,048,732)
Total equity	2,032,492	2,039,755

Guarantees

Broad Investments Ltd has guaranteed the obligations of its 100% owned subsidiary Mirrus Pty Ltd, in respect to its managed services contract with AAPT Limited, the major customer of Mirrus Pty Ltd.

Contractual Commitments

At 30 June 2010 Broad Investments Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2009: Nil).

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

4 – REVENUE

	Consolidated	
	2010	2009
	\$	\$
From continuing operations		
Sales revenue	4,574,868	6,763,502
Other Revenue		
Interest revenue - other	52,855	10,262
Foreign currency gain	2,195	-
Unrealised gain on share stock	2,968	-
	<u>58,018</u>	<u>10,262</u>
Total revenue from continuing operations	4,632,886	6,773,764
From discontinued operations		
Sales revenue	-	45,072
Other Revenue		
Interest revenue - other	-	1
Other income	-	1
	<u>-</u>	<u>45,074</u>
Total revenue from discontinued operations	-	45,074
TOTAL REVENUE	4,632,886	6,818,838

5 – AUDITORS’ REMUNERATION

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

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

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

6 – EXPENSES

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

	Consolidated	
	2010	2009
	\$	\$
From continuing operations		
Expenses:		
Cost of sales	3,165,078	5,165,185
Finance costs		
Interest expense - other	25,957	2,526
Depreciation of:		
Plant and equipment	68,704	136,207
Amortisation of:		
Intangible non-current assets	200,000	200,000
Bad and doubtful debts:		
Other debtors	-	119,000
Lease payments:		
Office Rental	64,412	96,067
Office equipment	-	4,675
	<u>-</u>	<u>100,742</u>
Impairment of assets:		
Current		
Financial assets	-	3,360
Investments	-	1,600,094
	<u>-</u>	<u>1,603,454</u>
Non-current		
Investments	-	-
Goodwill	-	1,271,213
Exploration expenditure	56,450	963,765
	<u>56,450</u>	<u>2,234,978</u>
Loss from sale of available for sale financial assets:		
Current		
Short-term investments	-	860,689
Loss on disposal of non-current assets	5,347	10,437
Expenses previously expensed written back	(169,021)	-
From discontinued operations		
Expenses:		
Cost of sales	-	15,962
Depreciation of:		
Plant and equipment	508	2,047
Bad and doubtful debts:		
Trade debtors	3,501	6,656

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

7 – INCOME TAX EXPENSE

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

Net profit / (loss) from ordinary activities	(252,258)	(5,600,804)
Income tax benefit calculated at 30% (2009: 30%) of operating profit / (loss)	(75,677)	(1,680,241)
Permanent differences		
Profit / (Loss) on sale of financial assets	-	258,207
Impairment of investments	-	481,036
Impairment of goodwill on acquisition	-	670,493
Amortisation of customer contract	60,000	60,000
Profit from Sale of subsidiary	-	(41,949)
Bad debts	-	37,697
Loss on disposal of fixed assets	1,604	3,131
Non-deductible expenses	213	1,047
Permanent differences in income tax	61,817	1,469,662
Income tax expense / (benefit) adjusted for permanent differences for operating profit / (loss) and discontinued operations (i)	13,860	(210,579)
Deferred tax assets not brought to account	(13,860)	210,579
Total income tax (benefit) / expense on operating loss calculated at 30% (2009: 30%)	-	-
Current tax	116,220	420,119
Deferred tax	(102,360)	509,303
Deferred tax not recognised	(13,860)	(929,422)
	-	-
The deferred tax asset balance not recognised at year end was:		
Income tax losses	8,675,385	8,661,525
Temporary differences	517,494	619,854
	9,192,879	9,281,379

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

8 – 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	
	2010	2009
	Cents per	Cents per
	Share	Share
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:		
Basic loss per share (cents)	(0.04)	(1.43)
Diluted loss per share (cents)	(0.04)	(2.00)
Loss per share attributable to the ordinary equity holders of the Company:		
Basic loss per share (cents)	(0.05)	(1.48)
Diluted loss per share (cents)	(0.05)	(2.06)
Loss per share		
(a) Basic loss per share		
Loss per share from continuing operations attributable to the ordinary equity holders of the Company	(0.04)	(1.43)
Loss per share from discontinued operations	(0.01)	(0.05)
Total loss per share attributable to the ordinary equity holders of the company	(0.05)	(1.48)
(b) Diluted loss per share		
Diluted loss per share from continuing operations attributable to the ordinary equity holders of the Company	(0.04)	(2.00)
Diluted loss per share from discontinued operations	(0.01)	(0.06)
Total diluted Loss per share attributable to the ordinary equity holders of the company	(0.05)	(2.06)
(c) Reconciliation of loss used in calculating earnings per share		
<i>Basic loss per share</i>		
Loss attributable to the ordinary equity holders of the company used in calculating basic loss per share		
from continuing operations	(203,349)	(5,413,723)
from discontinued operations	(48,909)	(187,081)
<i>Diluted loss per share</i>		
Diluted loss attributable to the ordinary equity holders of the company used in calculating diluted loss per share		
from continuing operations	(203,349)	(5,413,723)
from discontinued operations	(48,909)	(187,081)
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	515,060,703	377,611,674
Weighted average number of dilutive options outstanding	28,916,694	(106,363,636)
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	543,977,397	271,248,038

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

8 – EARNINGS PER SHARE (Cont.)

Information concerning the classification of securities

Diluted loss per share

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

Options

No options have been included in the determination of basic loss per share. Details relating to the options are set out in Note 20.

Issue of securities after reporting date

No securities have been issued after 30 June 2010.

9 – OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

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

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

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

Types of services by segment

Managed services

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

Share trading & investments

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

Exploration Mining

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

9 – OPERATING SEGMENTS (Cont.)

Types of services by segment (cont.)

Corporate

Segment that handles corporate and administration matters.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

Inter-segment transactions

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

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

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

Segment assets

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

Segment liabilities

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

Comparative information

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

9 – OPERATING SEGMENTS (Cont.)

Segment performance

30 June 2010	Managed Services	Share Trading & Investments	Exploration Mining	Corporate	TOTAL
	\$	\$	\$	\$	\$
Revenue					
External sales	4,574,868	-	-	-	4,574,868
Inter-segment sales	-	-	-	483,075	483,075
Interest revenue	202	-	-	52,653	52,855
Other operating revenue	2,195	2,968	-	-	5,163
Total segment revenue	4,577,265	2,968	-	535,728	5,115,961
<i>Reconciliation of segment revenue to group revenue</i>					
Inter-segment elimination					(483,075)
Total group revenue					4,632,886
Segment net profit/(loss) before tax	(302,242)	2,968	(77,375)	(555,216)	(931,865)
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
Discontinued operations					(48,909)
Inter-segment elimination					728,516
Net profit/(loss) before tax					(252,258)
Other segment information					
Disposal of plant and equipment	250	-	-	5,097	5,347
Interest expense	1	-	-	25,956	25,957
Depreciation expense	46,944	-	-	21,760	68,704
Amortisation expense	200,000	-	-	-	200,000
Impairment of non-current assets	-	-	56,450	-	56,450

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

9 – OPERATING SEGMENTS (Cont.)

Segment performance (cont.)

30 June 2009	Managed Services	Share Trading & Investments	Exploration Mining	Corporate	TOTAL
	\$	\$	\$	\$	\$
Revenue					
External sales	6,763,502	-	-	-	6,763,502
Inter-segment sales	-	-	-	440,530	440,530
Interest revenue	4,762	-	-	5,500	10,262
Other operating revenue	-	-	-	1	1
Total segment revenue	6,768,264	-	-	446,031	7,214,295
<i>Reconciliation of segment revenue to group revenue</i>					
Inter-segment elimination					(440,530)
Discontinued operations					45,073
Total group revenue					6,818,838
Segment net profit/(loss) before tax	(242,548)	(2,583,143)	(2,279,330)	(545,989)	(5,651,010)
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
Discontinued operations					(326,912)
Inter-segment elimination					377,118
Net profit/(loss) before tax					(5,600,804)
Other segment information					
Disposal of plant and equipment	10,437	-	-	-	10,437
Interest expense	147	-	16	2,363	2,526
Depreciation expense	113,631	-	-	24,623	138,254
Amortisation expense	200,000	-	-	-	200,000
Impairment of current assets	-	1,603,454	-	-	1,603,454
Impairment of non-current assets	-	-	2,234,978	-	2,234,978

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

9 – OPERATING SEGMENTS (Cont.)

Segment assets

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

Other segment information

Acquisition of plant and equipment	6,702	-	-	4,687	11,389
------------------------------------	-------	---	---	-------	--------

As at 30 June 2009

Segment assets	3,047,457	109,446	2,725	2,814,231	5,973,859
<i>Segment asset increases for the period</i>					
Acquisitions	38,405	-	-	15,658	54,063
<i>Reconciliation of segment assets to group assets</i>					
Inter-segment eliminations					(2,219,792)
Total group assets					3,754,067

Other segment information

Acquisition of plant and equipment	38,405	-	-	15,658	54,063
------------------------------------	--------	---	---	--------	--------

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

9 – OPERATING SEGMENTS (Cont.)

Segment liabilities

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

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

(b) Geographical segments

The consolidated entity operates primarily within Australia.

(b) Major customer

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

The Group supplies a single external customer in the managed services segment who accounts for 95.79% of external revenue (2009: 99.74%). The next most significant client accounts for 2.39% (2009: 0.16%) of external revenue.

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

10 – CASH AND CASH EQUIVALENTS

	Consolidated	
	2010	2009
	\$	\$
Cash at bank	328,276	532,285

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

11 – TRADE AND OTHER RECEIVABLES

Current:

Trade Debtors	34,234	17,628
Less: Provision for impairment of receivables	(3,501)	-
	<u>30,733</u>	<u>17,628</u>
GST	13,199	-
Other debtors		
Related parties	-	20,555
Other loans – not related	288,406	200
Less: Provision for impairment of receivables	-	-
	<u>301,605</u>	<u>20,755</u>
Prepayments	46,545	13,183
Accrued revenue	424,890	642,952
	<u>803,773</u>	<u>694,518</u>
Non-current:		
Deposit	<u>2,600</u>	<u>2,970</u>

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

11 – TRADE AND OTHER RECEIVABLES (cont.)

(a) Impaired trade receivables

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

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

	Consolidated	
	2010	2009
	\$	\$
Balance as at 1 July 2009	-	-
Provision for impairment recognised during the year	(3,501)	-
Balance as at 30 June 2010	<u>(3,501)</u>	<u>-</u>

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

(b) Past due but not impaired

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

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

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

(c) Other receivables

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

(d) Foreign exchange and interest rate risk

The Group has no receivables in foreign currencies. Interest rate risk in relation to receivables is provided in note 25.

(e) Fair value and credit risk

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

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 25 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

12 – INVENTORIES

	Consolidated	
	2010	2009
	\$	\$
Inventory on hand – finished goods	-	876,692

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

Inventory expense

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

13 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'impairment of current financial assets' in the statement of comprehensive income. The reversal of the impairment loss of \$2,968 has been recognised in the statement of comprehensive income.

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

Risk exposure

Information about the Group's and the parent entity's exposure to credit risk, foreign exchange and price risk is provided in note 25.

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

14 – INVESTMENTS

	Consolidated	
	2010	2009
	\$	\$
Current:		
Financial assets available for sale		
Shares in quoted entities – at cost	1,367,028	1,168,028
Less: Allowance for diminution in value	(712,784)	(1,060,094)
Shares in quoted entities at fair value	654,244	107,934
Shares in unquoted entities – at cost	540,000	540,000
Less: Allowance for diminution in value	(540,000)	(540,000)
	654,244	107,934

(a) Unlisted securities

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

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

(b) Investments in related parties

Refer to note 26 for a list of the Group's subsidiaries.

(c) Impairment and risk exposure

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

All available-for-sale financial assets are denominated in Australian currency. For an analysis of the sensitivity of available-for-sale financial assets to price and interest rate risk refer to note 25.

The movements in impairment of financial assets available for sale have been stated in the statements of changes of equity and comprehensive income \$347,310 (2009: \$1,529,579). The movement is based on the change in bid price or managements assessment of recovery.

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

15 – PLANT AND EQUIPMENT

	Consolidated	
	2010	2009
	\$	\$
Plant & equipment		
At cost	335,965	408,714
Accumulated depreciation	(185,980)	(195,558)
Total plant & equipment at net written down value	149,985	213,156
Reconciliations		
Plant & equipment		
Carrying amount at beginning of year	213,156	307,784
Additions	11,389	54,063
Disposals	(5,348)	(10,437)
Depreciation	(69,212)	(138,254)
Carrying amount at end of year	149,985	213,156

16– INTANGIBLE ASSETS

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

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

16 – INTANGIBLE ASSETS (Cont.)

Consolidated	Pangaea Metals Ltd Goodwill \$	Pangaea Exploration Expenditure \$	Mirrus Customer Contract \$	Mirrus Goodwill \$	TOTAL \$
30 June 2009					
Opening net book amount	1,271,213	891,519	950,000	550,000	3,662,732
Additions – acquisition	-	-	-	25,000	25,000
Amortisation expense	-	-	(200,000)	-	(200,000)
Additions – exploration expenditure	-	72,246	-	-	72,246
Impairment charge	(1,271,213)	(963,765)	-	-	(2,234,978)
Closing net book amount	-	-	750,000	575,000	1,325,000
30 June 2010					
Opening net book amount	-	-	750,000	575,000	1,325,000
Amortisation expense	-	-	(200,000)	-	(200,000)
Additions – exploration expenditure	-	56,450	-	-	56,450
Impairment charge	-	(56,450)	-	-	(56,450)
Closing net book amount	-	-	550,000	575,000	1,125,000

(i) Impairment disclosures

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

	2010 \$	2009 \$
Goodwill		
Managed Services- Mirrus Pty Limited	575,000	575,000
Exploration Mining - Pangaea Metals Ltd	-	-
	575,000	575,000

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

(ii) Amortisation charge

Mirrus Pty Ltd – customer contracts

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

(iii) Impairment tests for goodwill

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

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

16 – INTANGIBLE ASSETS (Cont.)

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

Pangaea Metals Ltd

Following the assessment of the fair value of the Company's exploration mining acquisition the Board reduced the value of goodwill and its capitalised acquisition costs in Pangaea Metals by \$2,234,978 to NIL as at 30 June 2009. The reduction in the value of goodwill and capitalised acquisition costs to NIL as at 30 June 2009 was considered appropriate given Pangaea Metals is a mining exploration company whose assets consist of exploration tenements that are unlikely to generate profit for some time. The growth rate is unknown. The discount rate used was 20%.

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

Mirrus Pty Ltd

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

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

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

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

(v) Exploration expenditure

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

- | | |
|-----------------|--|
| • Assets | \$1,054 |
| • Liabilities | \$1,568,496 (\$1,558,315 with related party eliminated on consolidation) |
| • Income | Nil |
| • Expenses | \$77,375 |
| • Cash outflows | \$84,518 |

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

17 – TRADE AND OTHER PAYABLES

	Consolidated	
	2010	2009
	\$	\$
Current (unsecured):		
Trade creditors	181,974	915,891
BAS statements payable	757,504	264,461
Sundry creditors and accrued expenses	118,463	807,882
	<u>1,057,941</u>	<u>1,988,234</u>

18 – BORROWINGS

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

The carrying amounts represent the fair values of borrowings at balance date. Details of the Groups exposure to risks arising from current borrowings are set out in note 25.

19 – PROVISIONS

Current		
Annual leave	<u>26,865</u>	<u>18,478</u>
Balance as at 1 July	18,478	8,666
Additions	8,207	9,812
Balance as at 30 June	<u>26,685</u>	<u>18,478</u>

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

20 – CONTRIBUTED EQUITY

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

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

(a) Dividends

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

(b) Authorised capital

The number of shares authorised is the same as paid ordinary shares.

(c) Par value

The shares have no par value.

(d) Additional issue

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

(e) Ordinary shares

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

20 – CONTRIBUTED EQUITY (cont.)

(f) Share Options

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

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

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

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

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

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

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

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

20 – CONTRIBUTED EQUITY (cont.)

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

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

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

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

(g) Capital risk management

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

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

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

21 – RESERVES & ACCUMULATED LOSSES

(a) Reserves

	Consolidated	
	2010	2009
	\$	\$
Reserves		
Available-for-sale investments revaluation reserve	347,310	-
Options reserve	1,146,000	1,146,000
	1,493,310	1,146,000

Movements

Available-for-sale investments revaluation reserve

Balance at beginning of financial year	-	(1,529,579)
Part reversal of prior year Impairment of financial assets available-for-sale	347,310	1,529,579
Balance at end of financial year	347,310	-

Options reserve

Balance at beginning of financial year	1,146,000	1,146,000
Net movements attributed to members of the parent entity	-	-
Balance at end of financial year	1,146,000	1,146,000

(b) Accumulated losses

Movements

Balance at beginning of financial year	(22,394,931)	(16,794,127)
Net profit / (loss) attributed to members of the parent entity	(252,258)	(5,600,804)
Balance at end of financial year	(22,647,189)	(22,394,931)

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

22 – DISCONTINUED OPERATIONS

(i) MTX Holdings Pty Ltd & Glovebox Pty Ltd

(a) Description

On 31 March 2009 the Company discontinued operations in its underperforming subsidiaries, MTX Holdings Pty Ltd & Glovebox Pty Ltd, which has been reported in this financial report as a discontinued operation. The expenses this year largely relate to the lease and maintenance of an office in Melbourne which used as a disaster recovery office for Mirrus Managed Services.

(b) Financial performance and cash flow information

	Current Year 30 Jun 2010	Previous Year 30 Jun 2009
	\$	\$
Revenue	-	45,073
Less expenses	48,909	371,985
(Loss) attributable to members of the parent entity	(48,909)	(326,912)

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

Net cash (outflow) from operating activities	(44,349)	(324,682)
Net cash (outflow) from investing activities	-	(1,161)
Net cash inflow / (outflow) from financing activities	43,678	311,495
Net (decrease) in cash generated by discontinued business	(671)	(14,348)

No income tax expense is recognised for discontinued operations.

(c) Carrying amounts of assets and liabilities

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

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

22 – DISCONTINUED OPERATIONS

(ii) Elect Telecoms Pty Ltd

(a) Description

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

(b) Financial performance and cash flow information

	Current Year	Previous Year
	30 Jun 2010	30 Jun 2009
	\$	\$
Revenue	-	139,831
Less expenses	-	-
Profit / (Loss) attributable to members of the parent entity	-	139,831

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

Net cash (outflow) from operating activities	-	-
Net cash (outflow) from investing activities	-	-
Net cash inflow / (outflow) from financing activities	-	-
Net increase / (decrease) in cash generated by discontinued business	-	-

No income tax expense is recognised for discontinued operations.

(c) Carrying amounts of assets and liabilities

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

	Current Year	Previous Year
	30 Jun 2010	30 Jun 2009
	\$	\$
Cash	-	-
Receivables	-	-
Plant & equipment	-	-
Total assets	-	-
Less:		
Creditors	-	-
Total liabilities	-	-
Net (deficiency in) assets	-	-

23 – BUSINESS COMBINATION

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

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

24 - NOTES TO THE STATEMENTS OF CASH FLOWS

	Consolidated	
	2010	2009
	\$	\$
(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	328,276	532,285
(b) Reconciliation of loss after income tax to net cash flows from operating activities		
Profit / (loss) after related income tax	(252,258)	(5,600,804)
Add / (less) investing & financing activities:		
Acquisition of subsidiary	-	950,000
Proceeds from sale of equity investments	-	(871,248)
Cost of sale of equity investments	-	1,731,937
Net loans to third parties	233,494	-
Add / (less) non-cash items:		
Depreciation and amortisation	269,212	338,254
Impairment of non-current assets	56,450	2,234,978
Impairment of investments	-	1,600,094
Impairment of financial assets	(2,968)	3,360
Non-recovery of subsidiary loans	-	-
Profit on disposal of subsidiary	-	(139,830)
Expenses paid by share based payments	-	-
Debt paid by share based payments	198,607	710,000
Disposal of plant and equipment	5,347	10,437
Net assets acquired in Pangaea acquisition	-	-
Net cash provided by / (used in) operating activities before changes in assets and liabilities	507,884	967,178
Changes in assets and liabilities during the financial year:		
(Increase) / decrease in assets		
Trade debtors	(13,106)	16,188
Other debtors	(96,149)	41,420
Inventories	876,692	27,061
Non-current receivables	370	(2,970)
Increase / (decrease) in liabilities		
Trade & other payables	(930,293)	(1,157,885)
Provisions	8,387	9,812
Net cash provided by / (used in) operating activities	353,785	(99,196)

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

25 – FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

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

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

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

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

(b) Specific Financial Risk Exposures and Management

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

(i) Interest Rate Risk

It is the policy of the consolidated entity to keep only a small level of cash in the main bank account. The remainder of the cash is kept in an interest-bearing savings account with a floating interest rate. Loans to, and from, related parties have earned, and/or paid, interest at a rate of 10-12% per annum. There have been no defaults by any of these third parties in repaying any interest or principal. The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out in note 25(c).

(ii) Foreign Currency Risk

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

25 – FINANCIAL RISK MANAGEMENT (cont.)

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

(ii) Foreign Currency Risk (cont.)

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

(iii) Liquidity Risk

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

(iv) Credit Risk

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

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

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

25 – FINANCIAL RISK MANAGEMENT (cont.)

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

(v) Price Risk

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

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

(c) Financial instrument composition and maturity analysis

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

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

25 – FINANCIAL RISK MANAGEMENT (cont.)

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

	Fixed Interest Rate Within 1 Year		Non-Interest Bearing	
	2010 \$	2009 \$	2010 \$	2009 \$
Consolidated Group				
Financial assets - current				
Cash assets	-	-	-	-
Trade and other receivables – amortised cost	288,405	-	468,824	660,781
Financial assets at fair value through profit and loss	-	-	4,480	1,512
Financial assets available for sale	-	-	654,244	107,934
Total Financial Assets - current	288,405	-	1,127,548	770,227
Financial assets – non current				
Trade and other receivables – amortised cost	-	-	2,600	-
Financial liabilities - current				
Trade and other payables – amortised cost	-	-	1,057,941	1,988,234
Amounts payable related parties – amortised cost	-	-	-	-
Borrowings – amortised cost	-	-	-	-
Total Financial Liabilities - current	-	-	1,057,941	1,988,234
	TOTAL			
Consolidated Group	2010	2009		
	\$	\$		
Financial assets - current				
Cash assets	328,276	532,285		
Trade and other receivables – amortised cost	757,229	681,335		
Financial assets at fair value through profit and loss	4,480	1,512		
Financial assets available for sale	654,244	107,934		
Total Financial Assets - current	1,744,229	1,323,066		
Financial assets – non current				
Trade and other receivables – amortised cost	2,600	-		
Financial liabilities - current				
Trade and other payables – amortised cost	1,057,941	1,988,234		
Amounts payable related parties – amortised cost	-	20,544		
Borrowings – amortised cost	-	35,000		
Total Financial Liabilities - current	1,057,941	2,043,778		

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

25 – FINANCIAL RISK MANAGEMENT (cont.)

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

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

	Consolidated	
	2010	2009
	\$	\$
Less than 6 months	365,436	1,802,311
6 months to 1 year	120,000	-
1 to 5 years	572,505	185,923
TOTAL	1,057,941	1,988,234

(d) Net Fair Values

Fair value estimation

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

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

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

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

25 – FINANCIAL RISK MANAGEMENT (cont.)

(d) Net Fair Values (cont.)

	2010		2009	
	Net Carrying Value \$	Net Fair Value \$	Net Carrying Value \$	Net Fair Value \$
Financial Assets				
Cash and cash equivalents	328,276	328,276	532,285	532,285
Trade and other current receivables	757,229	757,229	681,335	681,335
Trade and other non current receivables	2,600	2,600	2,970	2,970
Available-for-sale financial assets at fair value	1,921,028	658,724	1,722,028	109,446
TOTAL	3,009,633	1,746,829	2,938,618	1,326,036
Financial Liabilities				
Trade and other payables	1,057,941	1,057,941	1,988,234	1,988,234
Amounts payable related parties	-	-	20,544	20,544
Borrowings	-	-	35,000	35,000
TOTAL	1,057,941	1,057,941	2,043,778	2,043,778

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

- Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.
- For listed available-for-sale and held-for-trading financial assets, closing quoted bid prices at the end of the reporting period are used. In determining the fair values of the unlisted available-for-sale financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

Financial Instruments Measured at Fair Value

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

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

25 – FINANCIAL RISK MANAGEMENT (cont.)

(d) Net Fair Values (cont.)

2010	Level 1 \$	Level 2 \$	Level 3 \$	TOTAL \$
Financial Assets				
<i>Financial assets at fair value through profit or loss:</i>				
- Investments held-for-trading	4,480	-	-	4,480
<i>Available for sale financial assets:</i>				
- Listed investments	654,244	-	-	654,244
TOTAL	658,724	-	-	658,724
<hr/>				
2009				
Financial Assets				
<i>Financial assets at fair value through profit or loss:</i>				
- Investments held-for-trading	1,512	-	-	1,512
<i>Available for sale financial assets:</i>				
- Listed investments	107,934	-	-	107,934
TOTAL	109,446	-	-	109,446
<hr/>				

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

(e) Sensitivity Analysis

The group has performed sensitivity analysis relating to its exposure to foreign currency risk, price risk and interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

(i) Foreign Currency Risk Sensitivity Analysis

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

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

25 – FINANCIAL RISK MANAGEMENT (cont.)

(e) Sensitivity Analysis (cont.)

(ii) Price Risk Sensitivity Analysis

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

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

(iii) Interest Rate Risk Sensitivity Analysis

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

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

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

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

26 - CONTROLLED ENTITIES

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

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

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

Each of the above companies is incorporated in Australia.

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

27 – COMMITMENTS

	Consolidated Group	
	2010	2009
	\$	\$
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	46,960	-
Later than one year but not later than five years	41,856	-
	<u>88,816</u>	<u>-</u>
Representing:		
Operating lease on premises	<u>88,816</u>	<u>-</u>

(i) The group leases two premises in Melbourne. The Mirrus office lease commenced on 1 August 2009 with a lease term of 3 years with a further term of 3 years. The second office is leased in the name of MTX Holdings Pty Ltd, it commenced on 15 March 2010 for a 1 year term.

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

27 – COMMITMENTS (cont.)

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

28 – RELATED PARTY TRANSACTIONS

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

(a) Ultimate Parent Company

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

(b) Subsidiaries

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

(c) Directors

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

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

(d) Other Key Management Personnel

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

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

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

28 – RELATED PARTY TRANSACTIONS (cont.)

(e) Key management personnel compensation

	Consolidated	
	2010	2009
	\$	\$
Short-term employee benefits	427,615	493,000
Share based payments	-	-
Post employment benefits	12,385	13,500
TOTAL	440,000	506,500

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

(f) Equity instrument disclosures relating to key management personnel

Share holdings

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

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

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

28 – RELATED PARTY TRANSACTIONS (cont.)

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

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

(g) Other transactions with Directors

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

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

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

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

28 – RELATED PARTY TRANSACTIONS (cont.)

(g) Other transactions with Directors

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

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

2009 Comparative Related Party Transactions

Loans totalling \$418,000 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 2009. These loans were fully repaid by Broad Investments. The opening balance was zero and the highest the debt reached at any one time during the year was \$330,000. Interest was not charged to Broad Investments on these short-term loans.

An unsecured loan of \$20,554 remains outstanding by E-com Multi Ltd at 30 June 2009, a public company, of which Vaz Hovanessian is a Director. Interest was charged by Broad Investments at 12% per annum and the total interest accrued for the year ended 30 June 2009 was \$2,313. The balance at the beginning of the financial year was \$18,241. Board members other than Vaz Hovanessian approved the advance to E-Com Multi Limited.

During the year ended 30 June 2009 various advances were made or expenses paid by ManageNet to or on behalf of Broad Investments and similarly various advances were made or expenses paid by Broad Investments to or on behalf of ManageNet Pty Limited. The highest amount of the advance from Broad Investments to ManageNet reached \$51,654. The highest amount of the advance from ManageNet to Broad Investments reached \$36,740. At 30 June 2009 Broad Investment owed ManageNet \$20,544. Interest on all advances was charged @ 10%. Total interest charged to ManageNet over the financial year was \$1,103. Total interest charged to Broad Investments over the financial year was \$814.

During the 30 June 2008 financial year 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 were held in trust for Broad Investments Ltd by Khan Stockbroking Pty Ltd. Khan Stockbroking guaranteed that at the request of Broad Investments the shares would be sold or placed at a minimum of 80 cents per share, which should net a profit of \$180,000. However during the 30 June 2009 financial year Khan Stockbroking Pty Ltd went into liquidation. As at 30 June 2010 Broad Investments had fully impaired these shares.

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

28 – RELATED PARTY TRANSACTIONS (cont.)

(g) Other transactions with Directors (cont.)

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

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

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

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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

29 – CONTINGENT LIABILITIES

- (i) Broad Investments Ltd has guaranteed the obligations of its 100% owned subsidiary Mirrus Pty Ltd, in respect to its managed services contract with AAPT Limited, the major customer of Mirrus Pty Ltd.

- (ii) **Prior year contingent liability**
A dispute with Panasonic, which had been noted as a contingent liability in the last annual report, was settled during the financial year to 30 June 2010. Both parties agreed to withdraw their claims and so a disputed amount of \$185,922 (inclusive of GST) which had been fully expensed in prior year's accounts has been written back in this financial report.

30 - SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

No material events have occurred subsequent to balance date.

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

DIRECTORS' DECLARATION

The directors of the company declare that:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standards;
 - (ii) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company and consolidated group;
 - (iii) the remuneration disclosures set out on pages 7 to 10 of the director's report comply with Accounting standard AASB124 Related Party Disclosures and the Corporations Regulations; and
 - (iv) the financial statements comply with International Financial Reporting Standards.

- (b) the Chief Executive / Finance Officer has declared that:
 - (i) the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
 - (ii) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (iii) the financial statements and notes for the financial year give a true and fair view;

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

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



Vaz Hovanessian
Chairman

30 September 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROAD INVESTMENTS LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying financial report of Broad Investments Limited and its Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and 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 control 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 (IFRS) ensures that the financial statements, comprising the financial statements and notes, complies with IFRS.

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 judgment, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Broad Investment Limited on 30 September 2010, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

- a. the financial report of Broad Investments Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROAD INVESTMENTS LIMITED AND CONTROLLED ENTITIES

- ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- b. 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 in pages 7 to 10 of the report of the directors for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 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 Investment Limited for the year ended 30 June 2010 complies with s 300A of the *Corporations Act 2001*.

Emphasis of matter on significant uncertainty - Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated at Note 1, 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, 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

a Russell

Leah Russell

Dated this 30th day of September 2010

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

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 solid 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

Whilst the Company does not need to comply with this recommendation as it does not fall within the ASX All Ordinaries Index (Top 500) it nevertheless does have an audit committee which comprises of one independent non-executive director, Mr. Johannes Scholtz (Chairman of Committee), and one executive director Mr. Vaz Hovanessian. Mr. Scholtz has accounting qualifications and was a chartered accountant in South Africa. He has considerable experience in financial reporting and has held senior accounting and management positions both in Australia and overseas. Mr. Vaz Hovanessian has accounting qualifications and considerable financial and accounting experience and knowledge and is a CPA. The Company has only three directors, two of whom are independent. Whilst the audit committee comprises of two directors only, rather than three independent directors, the Company's accountant, Mr John Nedbalek, occasionally joins audit committee meetings to provide details and as an independent voice. Given the size and the level of transactions within the Company, and the fact that no audit committee is necessarily recommended, the structure of the audit committee is considered adequate by the Board.

Principle 5. Make timely and balanced disclosure

The Company complies with this recommendation.

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

CORPORATE GOVERNANCE STATEMENT (cont.)

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. Remunerate fairly and responsibly

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 release 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 three directors comprising one executive director and two non-executive directors. The Constitution does not require a shareholding qualification for directors.

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

CORPORATE GOVERNANCE STATEMENT (cont.)

(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 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.

All Board members, when appointed, must provide a letter of Consent to Act, wherein their details are provided including any other current Directorships, and any held during the last three years, and if any conflicts or related party issues exist. Also, Directors are given a letter that sets out what is expected of them, and the restrictions and timely reporting on share dealings they have to strictly observe in accordance with the ASX Listing Rules.

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. Furthermore, given the size of the Company and the financial capacity of the Company it is considered that the appointment of a Chief Executive Officer is not necessary whilst the operations remain modest, and whilst this is a departure from the recommendations, the Board considers it appropriate as long as there are at least a majority of independent directors on the Board. Therefore Vaz Hovanessian is effectively operating as Chief Executive Officer.

BROAD INVESTMENTS LIMITED & CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT (cont.)

(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.

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 and 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 parties 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.

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

CORPORATE GOVERNANCE STATEMENT (cont.)

(i) Conflicts of Interest (cont.)

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 and 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.

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT (cont.)

(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 where appropriate or necessary given the size of the company. 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.

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

CORPORATE GOVERNANCE STATEMENT (cont.)

(x) Trading in Company Shares (Cont.)

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.

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

CORPORATE GOVERNANCE STATEMENT (cont.)

(i) Audit & Compliance Committee (Cont.)

The Audit and Compliance 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 and Mr. Johannes Scholtz (Chairman). There were two meetings held during the financial year.

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

- Mr. Hovanessian 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 is Chairman of the Audit and Compliance Committee. He 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.

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.

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

CORPORATE GOVERNANCE STATEMENT (cont.)

(ii) Remuneration Committee (cont.)

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.

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT (cont.)

(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.

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

CORPORATE GOVERNANCE STATEMENT (cont.)

(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.

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

**AUSTRALIAN SECURITIES EXCHANGE ADDITIONAL
INFORMATION**

The shareholder information set out below was applicable as at 20 September 2010.

A Distribution of equity securities

Number Held	Class of equity security	
	Ordinary shares	Options @ 0.4 cents exercise price
1 - 1,000	507	-
1,001 - 5,000	225	-
5,001 - 10,000	262	-
10,001 - 100,000	916	-
100,001 and over	447	1
TOTAL	2,357	1

1,988 shareholders held less than a marketable parcel at 20 September 2010.

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:

Name	Ordinary Shares	
	Number held	% of issued shares
AMS Global Ltd	72,245,126	13.08
Camperdown Custom Pty Limited	24,000,000	4.34
Preferred Collections Pty Limited	24,000,000	4.34
Network Connections Group Pty Limited	24,000,000	4.34
Stratem Advantage Pty Limited	24,000,000	4.34
Chamwell Pty Limited	24,000,000	4.34
Scarecrow Joe's Pty Ltd	22,569,715	4.08
Planet Mobile Pty Limited	21,500,000	3.89
Ms Andrea Lee Bull	20,000,000	3.62
Khan Stockbroking Pty Ltd	8,100,000	1.47
Gould Nominees Pty Ltd	5,165,000	0.93
Jemaya Pty Ltd	4,800,000	0.87
Mr Bruce Warren Clark	4,660,000	0.84
Mr Rene Anthony Laan	4,289,047	0.78
Hotel 8888 Pty Limited	4,166,667	0.75
Secu Pty Ltd	4,022,434	0.73
Sonlen Pty Limited	4,022,434	0.73
Prattenville Pastoral Co	4,022,434	0.73
Mr Michael Walter Scott	4,000,000	0.72
Public Trustee	3,790,000	0.69
TOTAL TOP 20 SHAREHOLDERS	307,352,857	55.61

**BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES**

**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 26 February 2013 exercisable at 0.4 cents	28,372,563	1

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

Options for ordinary shares expiring on 26 February 2013 exercisable at 0.4 cents	Number held
AMS Global Ltd	28,372,563

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.

BROAD INVESTMENTS LIMITED
& CONTROLLED ENTITIES

CORPORATE DIRECTORY

Directors	Vaz Hovanesian – Executive Chairman Neil Gibson – Non executive Director Johannes Scholtz – Non executive Director
Company Secretary	Vaz Hovanesian – Bach. Bus., M.App.Fin., CPA., FCSA.
Registered Office	15 Whiting Street Artarmon, NSW. 2064 Postal: PO Box 126, Artarmon, NSW. 1570 Telephone: (02) 9425 0000 Facsimile: (02) 9425 0099
Share Registry	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross, WA. 6153 Postal: PO Box 535, Applecross, WA. 6953 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
Auditors	WHK Horwath Sydney Level 15, 309 Kent Street Sydney, NSW. 2000
Legal Advisors	Weir & Stempel 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