Broad Investments Limited

ABN: 91 087 813 090

PRELIMINARY FINAL REPORT
Year Ended 30 June 2007

Appendix 4E

(Previous corresponding period: Year Ended 30 June 2006)

Results for Announcement to the Market

for the year ended 30 June 2007

Name of entity

BROAD INVESTMENTS LIMITED

ACN

087 813 090

				$A'000
Revenues from ordinary activities	Down	73%	to	370
Profit /(loss) from ordinary activities after tax attributable to members	Down	43%	to	(1,790)
Net profit/(loss) for the period attributable to members	Down	43%	to	(1,790)

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

NTA Backing	Current Year	Previous Year
Net tangible asset-backing per ordinary share (cents)	0.24	(0.001)

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

BROAD INVESTMENTS LIMITED

COMMENTARY ON 2006/07 RESULTS

The loss of the consolidated entity after providing for income tax amounted to $1,790,325 (2006: $3,119,238).

The primary focus of the consolidated entity during the first half of the year was on cleaning up its Balance Sheet and reducing debt and cash burn which was accomplished by the third quarter of the financial year.

Since then, the focus has been to identify value adding opportunities and raise funds for acquisitions where the opportunities were considered complimentary to existing businesses or strategic in nature and satisfied market expectations.

Compliance statement

1 This report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

2 This report and the financial statements upon which the report is based use the same accounting policies.

3 This report gives a true and fair view of the matters disclosed

4 This report is based on the financial statements which are in the process of being audited

……………………………….. Date:31 August 2007

Vaz Hovanessian (Chairman)

CONTENTS

DIRECTORS' REPORT

The directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Broad Investments Limited and the entities it controlled at the end of or during the year ended 30 June 2007.

DIRECTORS

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

Vaz Hovanessian
Johannes Scholtz
Neil Gibson - appointed on 22 September 2006
George Lee – appointed on 22 March 2007
Robin Armstrong – appointed on 30 March 2007
Thomas Egan - resigned on 10 August 2006.
Brookes McTavish - appointed on 12 July 2006 and resigned 13 September 2006.

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.	52	Executive Chairman & Company Secretary. Member of the Audit committee. Over 20 years' experience in corporate and financial services and public company directorships. A successful businessman, with extensive interests in property and tourism. Appointed on 30 December 2003. *Other current directorships* Executive Chairman of E-com Multi Limited (appointed August 1993). *Former Directorships in the last 3 years* Entertainment Media and Telecoms Corporation Limited (appointed 16 November 2002; resigned 22 December 2006).
Neil Gibson	65	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.

DIRECTORS' REPORT (cont.)

Name and qualifications	Age	Experience and special responsibilities
Johannes Scholtz B. Commerce	43	Non-executive Director and member of the Audit Committee. Has over 15 years experience in senior level management in Australia, New Zealand & South Africa, in the manufacturing and steel industries, including Corporate finance roles and turnarounds of small companies. Appointed on 30 May 2005
George Lee	55	Non-executive Director. Mr. Lee has been involved in the mining industry for over 35 years, with 11 of them spent with the WA Department of Mines, rising to the position of Mining Registrar in the Norseman and Cue regions. He has served as a consultant providing tenement administration and Native Title management and negotiation services to a number of public and private mining companies. Appointed on 22 March 2007
Robin Armstrong	53	Non-executive Director. Mr. Armstrong is a stockbroker and Director of Findlay & Co Stockbrokers Ltd which specialises in Broking services to retail and wholesale clients and Underwriting and Corporate Advisory Services to small to medium sized companies, and who has substantial experience with technology and mining floats. Appointed on 30 March 2007 *Other current directorships* Findlay Securities Ltd (appointed 13 April 2007) Cardia Technologies Ltd (appointed 15 September 2006)

DIRECTORS' REPORT (cont.)

PRINCIPAL ACTIVITIES

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

The principal activities of the Group are the selling of Mobile Content and Mobile Applications Solutions (Pocket Portal) directly and via channels. However, as its name suggests Broad Investments Limited is also an investor in companies that may add value to it or need the skills and expertise of its management and Board to grow such investments. Recently the Company invested in a junior mining and exploration company with the aim of adding value to it and then spinning it off, selling it at a higher value or floating it on the ASX.

In September 2006 the company closed down its loss making Internet and broadband telephony services and sold its two small ISPs, Shiftreload and Ideal Internet, focusing its attention on other investments and two businesses it had acquired in September 2005, which were involved in the provision of Mobile Content and various Mobile Application Solutions under licence.

REVIEW AND RESULTS OF OPERATIONS

Revenue from ordinary activities decreased by 73% on the previous financial year to $0.370 million (2006: $1.391 million). The decrease was attributable to the loss of revenue due to the discontinuation of its VOIP and telecommunications activities in early September 2006 which required funding for growth which was beyond the scope of the Company at the time. Also, the remaining businesses of the Company have been generally in development mode bringing little cash flow in the early stages.

The consolidated net loss before income tax for the financial year decreased by 43% to $1.790 million (2006: net loss of $3.119 million). The decrease in the loss was due to a concerted effort by management to reduce operating costs and as a result of discontinuing loss making operations.

Net Cash outflows from operating activities for the year ended 30 June 2007 were $1.261 million (2006: net cash outflow of $2.494 million). This was an improvement of 49.5% on previous year.

DIRECTORS' REPORT (cont.)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

(i) Acquisitions

On 22 March 2007 Broad Investments Limited announced the acquisition of Pangaea Metal Limited; a mining and exploration company.

(ii) Disposals

In September 2006 the company discontinued its Internet and broadband telephony services and products and sold its two small ISPs; Shiftreload and Ideal Internet, when the company chose to scale down non-performing operations to reduce cash burn and to focus its resources on Mobile Content and Mobile Application solutions that provided the best opportunity for increased cash flow.

During the financial year, whilst the businesses detailed above were disposed of, no entities within the Group were disposed of.

(iii) Changes to Capital

Up to the end of 30 June 2007 share issues were made as detailed below.

	2007		2006	
Ordinary shares	**No.**	**$**	**No.**	**$**
Issue of Shares in 2006:				
Shares issued to Directors	-	-	29,000,000	145,000
Shares issued for fundraising or in lieu of debt & creditors	-	-	235,413,333	2,800,400
Shares issued for acquisitions	-	-	150,000,000	958,000
ASX Quotation fees/Share Placement fees/Brokerage	-	-	-	(242,108)
Issue of Shares in 2007:				
Shares issued for fundraising or in lieu of debt & creditors	1,382,613,263	7,549,656	-	-
ASX Quotation fees/Share Placement fees/Brokerage	-	(337,354)	-	-
Total number of Shares issued	**1,382,613,263**	**7,212,302**	**414,413,333**	**3,661,292**

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 2006: Nil).

DIRECTORS' REPORT (cont.)

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

The following events have occurred subsequent to balance date:

(i) 300,000,000 options were issued on 3 August 2007 exercisable at $0.0072 per share fully paid and expiring on 31 July 2009.
(ii) 69,444,444 shares were issued on 3 August 2007 at $0.0072 per share raising $500,000.00 in working capital.
(iii) 14,229,722 shares were issued on 3 August 2007 at $0.0072 per share in satisfaction of $102,454 in outstanding underwriting fees.
(iv) 4,583,333 shares were issued on 9 August 2007 at $0.0072 each in satisfaction of $33,000.00 in underwriting/placement fees.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

ENVIRONMENTAL REGULATION PERFORMANCE

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

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 2007, 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	25	25	2	2
Johannes Scholtz	25	25	2	2
Thomas Egan	4	2	-	-
Brookes McTavish	5	5	-	-
Neil Gibson	17	17	-	-
George Lee	4	2	-	-
Robin Armstrong	3	3	-	-

DIRECTORS' REPORT (cont.)

REMUNERATION REPORT

(a) Remuneration policy

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

The Board has agreed that executive directors should receive remuneration commensurate with their endeavours in maintaining the company and to act as an incentive to maximise shareholder returns. The remuneration of non-executive directors is governed by the constitution of the Company. 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.

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

(b) Directors' & executive's remuneration

Details of the nature and amount of the emoluments of each Director and senior executive for the year ended 30 June 2007 are:

	Base emoluments	Non-cash Benefits	2007 TOTAL	2006 TOTAL
Executive Directors				
Current				
Vaz Hovanessian	195,000	-	195,000	235,000
Non-Executive Directors				
Current				
Johannes Scholtz	84,394	-	84,394	30,000
Neil Gibson	4,545	-	4,545	-
George Lee	4,545	-	4,545	-
Robin Armstrong	4,545	-	4,545	-
Former				
Thomas Egan	-	-	-	15,000
Brookes McTavish	15,000	-	15,000	-
Total paid to Directors	**308,029**	**-**	**308,029**	**280,000**

DIRECTORS' REPORT (cont.)

REMUNERATION REPORT

(c) Directors' Interests

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

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

	Shares		Options	
	Direct	Indirect	Direct	Indirect
Robin Armstrong	Nil	Nil	Nil	Nil
Neil Gibson	2,124,444	Nil	Nil	Nil
Vaz Hovanessian	Nil	10,000,000	Nil	Nil
George Lee	Nil	Nil	Nil	Nil
Johan Scholtz	6,000,000	Nil	Nil	Nil

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

SHARE OPTIONS

411,842,985 options to subscribe for ordinary fully paid shares were outstanding as at the date of this report. These options expiry dates and exercisable price are:

Number of Options	Exercise Price	Expiry Date
32,000,000	$0.05	30 June 2008
30,000,000	$0.004	31 January 2009
35,000,000	$0.00375	31 January 2009
14,842,985	$0.0035	31 January 2009
300,000,000	$0.0072	31 July 2009

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.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated		Company	
		2007	2006	2007	2006
	Note	$	$	$	$
Sales revenue	3	148,076	155,621	-	-
Other revenue	3	26,230	29,528	26,227	29,523
Total revenue	**3**	**174,306**	**185,149**	**26,227**	**29,523**
Less:					
Cost of sales	4	(98,567)	(90,288)	-	-
Gross profit		**75,739**	**94,861**	**26,227**	**29,523**
Employee benefits expense		(230,184)	(136,761)	-	(25,134)
General & administrative expenses		(1,214,159)	(770,612)	(715,358)	(483,600)
Borrowing costs	4	(35,081)	(2)	(35,081)	(2)
Depreciation & amortisation expenses	4	(21,605)	(3,869)	(18,478)	(1,544)
Net bad and doubtful debts	4	(73,560)	(149,802)	(50,595)	(149,458)
Non recovery of subsidiary loan	4	-	-	(979,309)	(1,684,411)
Impairment of non-current assets	4	(427,026)	(289,346)	(425,000)	(275,000)
Total expenses from ordinary activities		**(2,001,615)**	**(1,350,392)**	**(2,223,821)**	**(2,619,149)**
Loss before income tax expense		**(1,925,876)**	**(1,255,531)**	**(2,197,594)**	**(2,589,626)**
Income tax expense	6	-	-	-	-
Loss from continuing operations		**(1,925,876)**	**(1,255,531)**	**(2,197,594)**	**(2,589,626)**
Profit / (loss) from discontinued operations	20	135,551	(1,863,707)	-	(117,223)
Net (loss) attributable to members of the parent entity	**19**	**(1,790,325)**	**(3,119,238)**	**(2,197,594)**	**(2,706,849)**
Total changes in equity other than those resulting from transactions with owners as owners	**19**	**(1,790,325)**	**(3,119,238)**	**(2,197,594)**	**(2,706,849)**
Basic loss per share (cents)	7	(0.18)	(0.64)		

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

BALANCE SHEET
AS AT 30 JUNE 2007

	Note	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Current Assets					
Cash and cash equivalents	9	3,925,671	928,371	3,922,374	899,320
Receivables	10	102,810	207,524	73,051	33,412
Inventories	11	-	25,682	-	-
Total Current Assets		**4,028,481**	**1,161,577**	**3,995,425**	**932,732**
Non-current Assets					
Receivables	10	761,700	1,700	760,000	41,563
Investments	12	1,104,000	-	1,104,000	425,000
Plant and equipment	13	73,933	128,901	69,038	14,361
Intangible assets	14	-	427,026	-	-
Total Non-current Assets		**1,939,633**	**557,627**	**1,933,038**	**480,924**
Total Assets		**5,968,114**	**1,719,204**	**5,928,463**	**1,413,656**
Current Liabilities					
Payables	15	847,427	1,429,212	671,544	571,445
Non-recourse borrowings	16	100,000	700,000	100,000	700,000
Provisions	17	8,718	-	-	-
Total Current Liabilities		**956,145**	**2,129,212**	**771,544**	**1,271,445**
Total Liabilities		**956,145**	**2,129,212**	**771,544**	**1,271,445**
Net Assets / (Deficiency)		**5,011,969**	**(410,008)**	**5,156,919**	**142,211**
Equity					
Contributed equity	18	17,540,339	10,328,037	17,540,339	10,328,037
Accumulated losses	19	(12,528,370)	(10,738,045)	(12,383,420)	(10,185,826)
Total Equity		**5,011,969**	**(410,008)**	**5,156,919**	**142,211**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated		Company	
		2007	2006	2007	2006
	Note	$	$	$	$
Total Equity at the beginning of the financial year		**(410,008)**	**(952,062)**	**142,211**	**(812,232)**
Adjustment on transition to Australian equivalents to IFRS to:					
Retained profits		-	(50,000)	-	(50,000)
Contributed equity		-	50,000	-	50,000
Restated total equity at the beginning of the financial year		**-**	**(952,062)**	**-**	**(812,232)**
Contributions of equity, net of transaction costs		7,212,302	3,661,292	7,212,302	3,661,292
Loss for the year		(1,790,325)	(3,119,238)	(2,197,594)	(2,706,849)
Total Equity at the end of the financial year		**5,011,969**	**(410,008)**	**5,156,919**	**142,211**

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated		Company	
		2007	2006	2007	2006
	Note	$	$	$	$
Cash flows from operating activities					
Receipts from customers		267,602	1,847,315	-	1,495,337
Payments to suppliers and employees		(1,519,644)	(4,370,281)	(565,603)	(2,838,511)
Interest received		26,238	9,017	26,227	9,012
Interest paid		(35,505)	(708)	(35,081)	(2)
Other		-	20,511	-	20,511
Net cash provided by / (used in) operating activities	**22(b)**	**(1,261,309)**	**(2,494,146)**	**(574,457)**	**(1,313,653)**
Cash flows from investing activities					
Payment for acquisition of Company / businesses		(1,104,000)	(150,000)	(1,104,000)	-
Payment for physical non-current assets		(29,666)	(103,916)	(9,196)	(15,261)
Proceeds from disposal of business		50,000	100,000	-	100,000
Loans to other entities		(760,000)	-	(1,399,789)	(1,467,974)
Loans repaid by other entities		-	-	-	-
Other		17,161	(857)	25,382	18,918
Net cash provided by / (used in) investing activities		**(1,826,505)**	**(154,773)**	**(2,487,603)**	**(1,364,317)**
Cash flows from financing activities					
Proceeds from issue of equity securities		6,973,529	2,502,234	6,973,529	2,502,234
Capital raising costs		(288,415)	(243,942)	(288,415)	(243,942)
Proceeds from borrowings		100,000	700,000	100,000	700,000
Repayment of borrowings		(700,000)	(171,879)	(700,000)	(171,879)
Net cash provided by / (used in) financing activities		**6,085,114**	**2,786,413**	**6,085,114**	**2,786,413**
Net increase / (decrease) in cash held		2,997,300	137,494	3,023,054	108,443
Cash at beginning of financial year		928,371	790,877	899,320	790,877
Cash at end of financial year	**22(a)**	**3,925,671**	**928,371**	**3,922,374**	**899,320**

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

CONTENTS TO THE NOTES OF THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Broad Investments Limited (the "Company") is a company domiciled in Australia. The preliminary financial report of the Company for the year ended 30 June 2007 comprises the Company and its subsidiaries (together referred to as the "Group"). The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(i) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

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

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

(ii) Going concern

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

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

The ability of the Group to achieve a reasonable return form investing its available cash and for its MTX division to meet its projected sales and the ability of Directors to continue to identify and secure new and complementary value adding products and services to market to our client base via the resellers/channel partner network, to ensure future growth; and

Whilst there is sufficient cash to meet all of the needs of the Group over the foreseeable future, it is possible that any new acquisitions may require additional cash and therefore dependent on the ability of the Company to raise equity funds via share placements or rights issues to fund such acquisition to grow the Company.

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(ii) Going concern (cont.)

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

Significant Accounting Policies

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

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

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Broad Investments Limited ("company" or "parent entity") as at 30 June 2007 and the results of all subsidiaries for the year then ended. Broad Investments Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the group has the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. A list of controlled entities is contained in Note 18 to the financial statements.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

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

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

(b) Segment reporting

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(c) Foreign Currency

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

Foreign currency monetary balances at year end have been translated into Australian currency at the exchange rate ruling at balance date with exchange differences brought to account in the Statement of Financial Performance as exchange gains or losses. Derivative financial instruments are not held for speculative purposes.

(d) Revenue Recognition

Sale of Goods
Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when control of the goods passes to the customer.

Services rendered
Revenue from rendering services is recognised in proportion to the stage of completion of the contract when the stage of contract completion can be reliably measured.

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

Interest revenue
Interest income is recognised as it accrues.

(e) Income taxes

Following transition to AIFRS income tax will be calculated based on the "balance sheet approach" replacing the "income statement approach" used under previous AGAAP. This method recognises deferred tax balances when there is a difference between the carrying value of an asset or liability for accounting purposes and its tax base. Deferred income tax assets are recognised to the extent that it is probable that future tax profit will be available against which deductible temporary differences can be utilised. There is no impact on the consolidated entity as a result of this change in approach. No tax asset has been recognised in the accounts in respect of the Group's losses.

(f) Goods and Services Tax

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

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

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(g) Business combinations

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

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

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

(h) Impairment of assets

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

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each annual balance sheet date.
An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

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

(j) Trade receivables
The collectibility of debts is assessed at balance date. Trade receivables are recorded at amounts due less any allowance for doubtful debts and the amount of the loss is recognised in the income statement within ‘other expenses’. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(k) Inventories
Inventories are stated at the lower of cost and net realisable value.

(l) Fair value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and.measurement or for disclosure purposes.

(m) Plant and equipment
Owned assets
Items of plant and equipment are stated at cost less accumulated depreciation and impairment in value.

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

	2007	2006
Furniture and fittings	7.5%	7.5%
Office equipment	15%	15%
Computer equipment	25%	25%

The residual value, if not insignificant, is reassessed annually.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(n) Intangible assets
Goodwill
All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Following initial recognition, goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is no longer amortised but is tested annually for impairment or more frequently if indicators of impairment exist.

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

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

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

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

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

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

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(t) Financial Instruments

Debt and Equity Instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual agreement.

Financial instruments that give rise to a contractual obligation to deliver cash to the holder, such as convertible notes issued by the Company, are classified as liabilities to the extent of the obligation.

Where the financial instruments are redeemable at the option of the holder, redeemable at a fixed date, or perpetual instruments with cumulative interest obligations, the proceeds received are classified as a liability and related distributions as interest expense.

Transaction Costs on the Issue of Equity Instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments, and which would not have been incurred had those instruments not been issued.

Interest and Dividends

Interest and dividends are classified as expenses or distributions of profit consistent with the Statement of Financial Position classification of the related debt or equity instrument.

(u) Interest Bearing Liabilities

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

2 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Estimated impairment of goodwill

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

3 – REVENUE

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
From continuing operations				
Sales revenue	148,076	155,621	-	-
Other Revenue				
Interest revenue	26,229	9,017	26,227	9,012
Other revenue	1	20,511	-	20,511
	26,230	29,528	26,227	29,523
Total revenue from continuing operations	**174,306**	**185,149**	**26,227**	**29,523**
From discontinued operations				
Sales revenue	78,764	1,095,661	-	1,041,859
Other Revenue				
Interest revenue	9	-	-	-
	78,773	1,095,661	-	1,041,859
Profit from the sale of assets:				
Non-current				
BroadTel Communications business	-	110,765	-	110,765
Broad IP businesses	116,839	-	-	-
Total revenue from discontinued operations	**195,612**	**1,206,426**	**-**	**1,152,624**
TOTAL REVENUE	**369,918**	**1,391,575**	**26,227**	**1,182,147**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

4 – EXPENSES

Loss before income tax includes the following items of expense:

	Consolidated		Company	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
From continuing operations				
Expenses:				
Cost of sales	98,567	90,288	-	-
Interest expense:				
Other entities	35,081	2	35,081	2
Depreciation of:				
Plant and equipment	21,605	3,869	18,478	1,544
Bad and doubtful debts:				
Trade debtors	-	345	-	-
Other debtors	73,560	149,457	50,595	149,458
	73,560	**149,802**	**50,595**	**149,458**
Non recovery of subsidiary loans	-	-	979,309	1,684,411
Impairment of assets:				
Non-current				
Investments	-	-	425,000	275,000
Goodwill	427,026	289,346	-	-
Other expenses from ordinary activities				
Broad IP deed of company arrangement	55,000	-	55,000	-
From discontinued operations				
Expenses:				
Cost of sales	99,639	1,187,283	-	1,091,983
Interest expense:				
Other entities	424	706	-	-
Depreciation of:				
Plant and equipment	1,403	1,865	-	-
Bad and doubtful debts:				
Other debtors	-	50,595	-	-
Write-down of Stock	-	25,427	-	-
Impairment of assets:				
Non-current				
Plant and equipment	27,734	-	-	-
Goodwill	-	381,328	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

5 – AUDITORS' REMUNERATION

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Remuneration of the auditor of the parent entity for:				
- Audit the half year financial statements	20,600	18,000	20,600	18,000
- Audit the full year financial statements	50,000	44,000	50,000	44,000
- Audit the previous year financial statements	500	20,000	500	20,000
TOTAL	71,100	82,000	71,100	82,000

6 – INCOME TAX EXPENSE

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax benefit in the financial statements as follows:				
Loss from ordinary activities	(1,790,325)	(3,119,238)	(2,197,594)	(2,706,849)
Income tax benefit calculated at 30% (2006: 30%) of operating loss	(537,098)	(935,771)	(659,278)	(812,055)
Permanent differences				
Impairment of investments	-	-	127,500	82,500
Impairment of goodwill	128,108	201,202	-	-
Impairment of plant and equipment	8,320	-	-	-
Non recovery of subsidiary loan	-	-	293,793	505,323
Non-deductible expenses	6,216	441	5,150	-
Permanent differences in income tax	142,644	201,643	426,443	587,823
Income tax expense / (benefit) adjusted for permanent differences	(394,454)	(734,128)	(232,835)	(224,232)
Deferred tax assets not brought to account	394,454	734,128	232,835	224,232
Deferred tax assets not previously recognised now brought to account	-	-	-	-
Total income tax (benefit) / expense on operating loss calculated at 30% (2006: 30%)	-	-	-	-

7 – EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculations of basic earnings per share are as follows:

	Consolidated 2007 Cents per Share	Consolidated 2006 Cents per Share
(a) Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	(1,925,876)	(1,255,531)
Profit / (loss) from discontinued operations	135,551	(1,863,707)
Loss attributable to the ordinary equity holders of the company	(1,790,325)	(3,119,238)
(b) Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	(1,925,876)	(1,255,531)
Profit / (loss) from discontinued operations	135,551	(1,863,707)
Loss attributable to the ordinary equity holders of the company	(1,790,325)	(3,119,238)

	2007 No.	2006 No.
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,007,282,353	488,086,831
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	1,007,282,353	488,086,831
Basic earnings / (loss) per share (cents)	(0.18)	(0.64)
Diluted earnings / (loss) per share (cents)	(0.18)	(0.64)

Options issued to acquire ordinary shares are not considered dilutive and therefore diluted earnings per share is the same as basic earnings per share.

Issue of securities after reporting date
83,674,166 fully paid ordinary shares were issued on 3 August 2007 at $0.0072 per share.
4,583,333 shares were issued on 9 August 2007 at $0.0072 per share.

300 million options were issued on 3 August 2007 at nil consideration with an exercise price of $0.0072 per share. These options have an expiry date of 31 July 2009

8 – SEGMENT REPORTING

(a) Description of segments

Business segments
The consolidate entity is organised into the following segments by product and service type.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

8 – SEGMENT REPORTING (cont.)

30 JUNE 2006	Mobile Phone Content	Corp-orate	Total continuing operations	Discont-inued Operation Voice & Data Services	Discont-inued Operation Telephony Services	TOTAL
	$	$	$	$	$	$
Segment revenue						
Sales revenue - external	155,621	-	155,621	53,802	1,041,859	1,251,282
Other revenue	5	29,523	29,528	-	110,765	140,293
Total revenue	**155,626**	**29,523**	**185,149**	**53,802**	**1,152,624**	**1,391,575**
Loss for the year	**(625,105)**	**(630,427)**	**(1,255,532)**	**(1,746,483)**	**(117,223)**	**(3,119,238)**
Segment assets & liabilities						
Segment assets	48,781	1,373,876	1,422,657	296,547	-	1,719,204
Segment liabilities	75,931	1,411,275	1,487,206	642,006	-	2,129,212
Other segment information						
Acquisition of plant and equipment	10,075	15,261	25,336	108,655	-	133,991
Depreciation expense	2,325	1,544	3,869	1,865	-	5,734
Impairment of goodwill	-	289,346	289,346	381,328	-	670,674
Cash flow information						
Net cash flow from operating activities	(309,828)	148,818	(161,010)	(831,895)	(1,501,241)	(2,494,146)
Net cash flow from investing activities	-	272,571	272,571	(540,578)	113,234	(154,773)
Net cash flow from financing activities	310,328	385,020	695,348	1,401,024	690,041	2,786,413

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

9 – CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Cash at bank	2,914,502	928,371	2,911,205	899,320
Cash held by third party on behalf of the Group	1,011,169	-	1,011,169	-
	3,925,671	928,371	3,922,374	899,320

10 – RECEIVABLES

	Consolidated		Company	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Current:				
Trade Debtors	33,779	27,845	-	-
Less: Allowance for doubtful debts	(22,965)	(345)	-	-
	10,814	27,500	-	-
GST	34,341	115,860	34,341	16,912
Other debtors	200,054	200,054	200,054	149,458
Less: Allowance for doubtful debts	(200,054)	(200,054)	(200,054)	(149,458)
	34,341	115,860	34,341	16,912
Prepayments	20,212	64,164	20,000	16,500
Accrued revenue	37,443	-	18,710	-
	102,810	**207,524**	**73,051**	**33,412**
Non-current:				
Deposit	1,700	1,700	-	-
Loans (i)	760,000	-	760,000	-
Loans to controlled entities	-	-	3,117,795	2,179,430
Less: Allowance for non-recovery	-	-	(3,117,795)	(2,137,867)
	761,700	**1,700**	**760,000**	**41,563**

The ageing of the current receivables is as follows:

	Consolidated		Company	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Current:				
1 to 3 months	102,810	207,524	73,051	33,412
3 to 6 months	-	-	-	-
Over 6 months	-	-	-	-
	102,810	**207,524**	**73,051**	**33,412**

(i) The loan to Pangaea Metals Ltd of $760,000 is at 10% interest per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

11 – INVENTORIES

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Inventory on hand	-	25,427	-	-
Write-down of stock	-	(25,427)	-	-
Inventory with customers	-	25,682	-	-
	-	**25,682**	**-**	**-**

12 – INVESTMENTS

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Non-current:				
Pangaea Metals Ltd	1,104,000	-	1,104,000	-
Investments in controlled entities at cost				
Unquoted	-	-	1,061,111	1,061,111
Less: Allowance for diminution in value	-	-	(1,061,111)	(636,111)
	1,104,000	**-**	**1,104,000**	**425,000**

As at 30 June 2007 the parent entity is in the process of acquiring Pangaea Metals Ltd, a mining and exploration company.

$1,100,000 has been paid as part consideration for the acquisition of Pangaea as agreed under the acquisition agreement. This has been taken up as a non-current investment in the accounts.

13 – PLANT AND EQUIPMENT

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Plant & equipment				
At cost	102,120	136,316	88,416	15,261
Accumulated depreciation	(28,187)	(7,415)	(19,378)	(900)
Total plant & equipment at net written down value	**73,933**	**128,901**	**69,038**	**14,361**
Reconciliations				
Plant & equipment				
Carrying amount at beginning of year	128,901	8,797	14,361	8,797
Additions	29,666	133,991	73,155	15,261
Disposals	(33,892)	(8,153)	-	(8,153)
Write-down	(27,632)	-	-	-
Depreciation	(23,110)	(5,734)	(18,478)	(1,544)
Carrying amount at end of year	**73,933**	**128,901**	**69,038**	**14,361**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

14 – INTANGIBLE ASSETS

Consolidated	MTX Holdings Goodwill	Glovebox Goodwill	Shiftreload Goodwill	Ideal Internet Goodwill	TOTAL
	$	$	$	$	$
Year ended 30 June 2006					
Opening net book amount	-	-	-	-	-
Additions – acquisition	152,026	564,346	177,328	204,000	1,097,700
Impairment charge	-	(289,346)	(177,328)	(204,000)	(670,674)
Closing net book amount	**152,026**	**275,000**	**-**	**-**	**427,026**
Year ended 30 June 2007					
Opening net book amount	152,026	275,000	-	-	427,026
Impairment charge (i)	(152,026)	(275,000)	-	-	(427,026)
Closing net book amount	**-**	**-**	**-**	**-**	**-**

There was no intangible assets in the parent entity for the years ended 2007 or 2006.

(i) Impairment charge

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

(a) MTX Holdings Pty Ltd

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

(b) Glovebox Pty Ltd

Following a reassessment of the cash flow from the Company's Glovebox business over the last 12 months, which was largely still in development mode, and considering the competitiveness in the market for Ring Tone products and the expectation, that despite improvements in this area, the businesses may continue to generate negative cash flow for the 2008 financial year, the Board has decided to adopt a conservative approach and has written off the remaining goodwill amount of $275,000.00 carried in the books.

15 – PAYABLES

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Current (unsecured):				
Trade creditors	106,727	687,917	102,822	271,890
BAS statements payable	132,552	110,119	-	-
Sundry creditors and accrued expenses	608,148	631,176	568,722	299,555
	847,427	**1,429,212**	**671,544**	**571,445**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

16 – NON-RECOURSE BORROWINGS

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Current (unsecured):				
Non-recourse advance	100,000	-	100,000	-
Loan	-	700,00	-	700,000
	100,000	700,000	100,000	700,000

17 – PROVISIONS

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Current				
Annual leave	8,718	-	-	-

18 – CONTRIBUTED EQUITY

	Consolidated		Company	
	2007	2006	2007	2006
Share capital	$	$	$	$
2,021,069,517 (2006: 638,456,254) fully paid ordinary shares	17,540,339	10,328,037	17,540,339	10,328,037

	2007		2006	
Ordinary shares	No.	$	No.	$
Movements during the year				
Balance at beginning of financial year	638,456,254	10,328,037	224,042,921	6,666,745
Issue of shares:				
- Issue of shares to directors	-	-	29,000,000	145,000
- 192,080,000 shares @ $0.005 each	-	-	192,080,000	960,400
- 123,333,333 shares @ $0.006 each	-	-	123,333,333	740,000
- 30,000,000 shares @ $0.01 each	-	-	30,000,000	300,000
- 4,000,000 shares @ $0.021 each	-	-	4,000,000	84,000
- 6,000,000 shares @ $0.029 each	-	-	6,000,000	174,000
- 36,000,000 shares @ $0.05 each	-	-	30,000,000	1,500,000
- 18,500,000 shares @ $0.007 each	18,500,000	129,500	-	-
- 93,806,108 shares @ $0.00427 each	93,806,108	400,993	-	-
- 24,500,000 shares @ $0.004 each	24,500,000	98,000	-	-
- 525,714,190 shares @ $0.0035 each	525,714,190	1,840,007	-	-
- 30,000,000 shares @ $0.00375 each	30,000,000	112,500	-	-
- 690,092,965 shares @ $0.0072 each	690,092,965	4,968,656	-	-
Share placement fees	-	(337,354)	-	(242,108)
Balance at end of financial year	**2,021,069,517**	**17,540,339**	**638,456,254**	**10,328,037**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

18 – CONTRIBUTED EQUITY (cont.)

Additional Issue
Since the end of the Financial Year an additional 88,257,499 shares were issued.

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

Share Options
111,842,985 options to subscribe for ordinary fully paid shares were outstanding at balance date.

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

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

The weighted average share price at the date of exercise of options during the year ended 30 June 2007 was $0.01 (2006 – not applicable).

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.42 years (2006 – 2 years)

Additional Issue
Since the end of the Financial Year an additional 300,000,000 options were issued at nil consideration. These options are exercisable at $0.0072 per option and expire on 31 July 2009.

19 – ACCUMULATED LOSSES

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Balance at beginning of financial year	(10,738,045)	(7,618,807)	(10,185,826)	(7,478,977)
Net (loss) attributed to members of the parent entity	(1,790,325)	(3,119,238)	(2,197,594)	(2,706,849)
Balance at end of financial year	**(12,528,370)**	**(10,738,045)**	**(12,383,420)**	**(10,185,826)**

20 – DISCONTINUED OPERATIONS

(i) Broad IP Pty Ltd

(a) Description

In the first quarter of the financial year the Company restructured its underperforming subsidiary, Broad IP Pty Ltd, to reduce costs and to quarantine any continuing liability or exposure to the Parent Company. This involved the discontinuance of the internet and broadband telephony business. Also, the disposal of the two ISP businesses owned by Broad IP Pty Ltd; “Ideal Internet” and “Shiftreload” have been included in this Broad IP discontinued operation note.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented for the discontinued operations are for the year ended 30 June 2007 and the year ended 30 June 2006.

	Current Year 30 Jun 2007	Previous Year 30 Jun 2006
	$	$
Revenue	78,773	53,802
Less expenses	503,354	(1,800,285)
Profit / (Loss)	**(424,581)**	**(1,746,484)**
Gain on disposal of businesses	116,839	-
Gain on debts not payable due to Company restructuring	443,293	-
Profit / (Loss) from discontinued operations	**135,551**	**-**
Net cash (outflow) from operating activities	(312,761)	(831,895)
Net cash (outflow) from investing activities	27,777	(540,578)
Net cash inflow / (outflow) from financing activities	256,695	1,401,024
Net increase / (decrease) in cash generated by business	**(28,289)**	**28,551**

20 – DISCONTINUED OPERATIONS (cont.)

(i) Broad IP Pty Ltd

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 30 June 2007 and 30 June 2006

	Current Year 30 Jun 2007 $	Previous Year 30 Jun 2006 $
Cash	262	28,551
Receivables	-	135,524
Inventories	-	25,682
Plant & equipment	-	106,790
Other (Pre-payments)	212	-
Net assets	**474**	**296,547**
Less creditors	(1,611,406)	(2,043,030)
Net (deficiency in) assets	**(1,610,932)**	**(1,746,483)**

(ii) Broadtel Communications

(a) Description

On 31 October 2005 Broad Investments Limited sold its Broadtel Communications telephony business which has been reported in this financial report as a discontinued operation.

(b) Financial performance and cash flow information

	Current Year 30 Jun 2007 $	Previous Year 30 Jun 2006 $
Revenue	-	1,041,859
Less expenses	-	(1,269,847)
Profit / (Loss)	**-**	**(227,988)**
Gain on sale of business	-	110,765
Profit / (Loss) from discontinued operations	**-**	**(117,223)**
Net cash (outflow) from operating activities	-	(1,501,241)
Net cash inflow from investing activities	-	113,234
Net cash inflow from financing activities	-	690,041
Net increase / (decrease) in cash generated by business	**-**	**(697,966)**

20 – DISCONTINUED OPERATIONS (cont.)

(ii) Broadtel Communications

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 30 June 2007 and 31 October 2005 were:

	Current Year 30 Jun 2007 $	Previous Year 31 Oct 2005 $
Cash	-	967,189
Trade receivables	-	420,050
Net assets	**-**	**1,387,239**
Less trade creditors	-	(1,398,004)
Net deficiency in assets	**-**	**(10,765)**

(d) Details of the sale of the business

Consideration received		
Cash	-	100,000
Carrying amount of net deficiency in assets sold	-	10,765
Gain on sale	**-**	**110,765**

21 – BUSINESS COMBINATION

Pangaea Metals Ltd

As at 30 June 2007 the parent entity is in the process of acquiring Pangaea Metals Ltd, a mining and exploration company.

$1,100,000 has been paid as part consideration for the acquisition of Pangaea as agreed under an acquisition agreement. This has been taken up as a non-current investment in the accounts.

The business to be acquired contributed no revenues to the Group during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

22 - NOTES TO THE STATEMENTS OF CASH FLOWS

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
(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	**3,925,671**	**928,371**	**3,922,374**	**899,320**
(b) Reconciliation of after income tax to net cash flows from operating activities				
Loss after related income tax	(1,790,325)	(3,119,238)	(2,197,594)	(2,706,849)
Add / (less) investing & financing activities:				
Proceeds from disposal of business	(50,000)	-	-	-
Costs from disposal of business	2,025	-	-	-
Profit from disposal of business	-	(110,765)	-	(110,765)
Add / (less) non-cash items:				
Depreciation and amortisation	23,008	5,734	18,478	1,544
Impairment of goodwill	427,026	670,674	-	-
Impairment of investment	-	-	425,000	275,000
Impairment of plant and equipment	27,734	-	-	-
Non-recovery of subsidiary loans	-	-	979,309	1,684,411
Expenses paid by share based payments	490,867	445,000	139,890	445,000
Costs from disposal of business	51,027	-	-	-
Other	-	-	-	-
Net cash provided by / (used in) operating activities before changes in assets and liabilities	**(818,638)**	**(2,108,595)**	**(634,917)**	**(411,659)**
Changes in assets and liabilities during the financial year:				
(Increase) / decrease in assets				
Trade debtors	16,686	397,537	-	425,037
Other debtors	88,028	(180,024)	(39,639)	(33,412)
Inventories	25,682	(25,682)	-	-
Non-current receivables	-	(1,700)	-	-
Increase / (decrease) in liabilities				
Trade & other creditors	(581,785)	(575,682)	100,099	(1,293,619)
Provisions	8,718	-	-	-
Net cash provided by / (used in) operating activities	**(1,261,309)**	**(2,494,146)**	**(574,457)**	**(1,313,653)**

23 – FINANCIAL RISK MANAGEMENT

The Group's activities expose it to the risks listed below. Risk management is carried out by the Executive Chairman and senior management in consultation with the Board of Directors.

(a) Interest Rate Risk

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

30 JUNE 2007	Weighted average interest rate	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
		$	$	$	$
Financial assets					
Current					
Cash assets	4.4%	2,914,502	-	1,011,169	3,952,671
Receivables	-	-	-	102,810	102,810
		2,914,502	**-**	**1,113,979**	**4,028,481**
Non-current					
Receivables	10%	**-**	**760,000**	**1,700**	**761,700**
Financial liabilities					
Current					
Payables	-	-	-	847,427	847,427
Borrowings	-	-	-	100,000	100,000
		-	**-**	**947,427**	**947,427**

30 JUNE 2006	Weighted average interest rate	Floating interest rate	Fixed interest maturing in one year or less	Non-interest bearing	Total
		$	$	$	$
Financial assets					
Current					
Cash assets	1%	928,371	-	-	928,371
Receivables	-	-	-	207,524	207,524
		928,371	**-**	**207,524**	**1,135,895**
Non-current					
Receivables	-	**-**	**-**	**1,700**	**1,700**
Financial liabilities					
Current					
Payables	-	-	-	1,429,212	1,429,212
Borrowings	12%	-	-	700,000	700,000
		-	**-**	**2,129,212**	**2,129,212**

23 – FINANCIAL RISK MANAGEMENT (cont)

(b) Credit Risk

Credit risk represents the risk a counter-party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity measures credit risk on a fair value basis.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

The consolidated entity's exposure to credit risk arises primarily from its carrying on business in the telecommunications industry.

The consolidated entity is not materially exposed to any individual, overseas country or individual customer.

(c) Cash flow and net fair value

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

24 - CONTROLLED ENTITIES

Name of Company	Interest held by each parent entity		
	Class of Shares	2007 %	2006 %
BROAD INVESTMENTS LIMITED			
Broad Infrastructure Investments Corp Pty Ltd	Ordinary	100	100
Broad IP Pty Ltd	A	100	100
	B	100	100
	C	100	100
	Ordinary	100	100
Elect Telecoms Pty Ltd	Ordinary	100	100
Glovebox Pty Ltd	Ordinary	100	100
MTX Holdings Pty Ltd	Ordinary	100	100
MTX Direct Pty Ltd (i)	Preference	100	-

(i) MTX Direct Pty Ltd was incorporated on 26 September 2006.

Each of the above companies is incorporated in Australia.

25 - COMMITMENTS

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
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	1,669	20,354	1,669	20,354
Later than one year but not later than five years	-	33,799	-	33,799
	1,669	**54,153**	**1,669**	**54,153**
Representing:				
Operating lease	**1,669**	**54,153**	**1,669**	**54,153**

(i) Lease commitments

The lease commitment represented a lease of an office in Melbourne. On 15 August 2007 the lease was assigned to an independent third party who took over all Broad Investment obligations for the remainder of the lease.

(ii) Capital commitments

To conclude the acquisition of Pangaea Metals Ltd, Broad Investments Ltd is contracted to issue 300,000,000 shares and 300,000,000 options. This is pending the completion and approval of a prospectus. The shares are to be issued at $0.005 and the exercise price of the options is $0.005.

26 – KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) 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	-
Thomas Egan	Non-executive Director	30 May 2005	10 August 2006
Brookes McTavish (i)	Director & General Manager	12 July 2006	13 September 2006
Neil Gibson	Non-executive Director	22 September 2006	-
George Lee	Non-executive Director	22 March 2007	-
Robin Armstrong	Non-executive Director	30 March 2007	-

(i) From 17 July 2006 to 25 August 2006 Brookes McTavish performed the role of Interim General Manager

26 – KEY MANAGEMENT PERSONNEL DISCLOSURES (cont.)

(b) Other Key Management Personnel.

Key Management Person	Position
Guy Glover	Manager – MTX (from 1 July 2006 – 28 February 2007)
Andrew Cannington	Manager – MTX (from 1 March 2007 onwards)

(c) Key management personnel compensation

	Base emoluments	Non-cash Benefits	2007 TOTAL	2006 TOTAL
Executive Directors				
Current				
Vaz Hovanessian	195,000	-	195,000	235,000
Non-Executive Directors				
Current				
Neil Gibson	4,545	-	4,545	-
Johannes Scholtz	84,394	-	84,394	30,000
George Lee	4,545	-	4,545	-
Robin Armstrong	4,545	-	4,545	-
Former				
Thomas Egan	-	-	-	15,000
Brookes McTavish	15,000	-	15,000	-
Total paid to Directors	**308,029**	**-**	**308,029**	**280,000**
Executive				
Current				
Andrew Cannington	96,283	7,000	103,283	-
Former				
Guy Glover	58,331	62,878	121,209	91,667
Total paid	**154,614**	**69,878**	**224,492**	**91,667**

(d) 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.

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

26 – KEY MANAGEMENT PERSONNEL DISCLOSURES (cont.)

(e) 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 personally related parties, are set out below.

2007	Balance at the start of the year	Balance at start of employment	Share based payments received during the year	Other changes during the year	Balance at end of employment	Balance at the end of the year
Directors						
Current						
Vaz Hovanessian	10,000,000	-	-	-	-	10,000,000
Neil Gibson	-	430,000	-	1,694,444	-	2,124,444
Johannes Scholtz	6,000,000	-	-	-	-	6,000,000
George Lee	-	-	-	-	-	-
Robin Armstrong	-	-	-	-	-	-
Former						
Thomas Egan	3,000,000	-	-	-	3,000,000	-
Brookes McTavish	-	5,646,200	-	229,401	5,875,601	-
Other						
Current						
Andrew Cannington	-	-	2,000,000	(1,000,000)	-	1,000,000
Former						
Guy Glover	34,850,000	-	23,000,000	(57,850,000)	-	-

2006	Balance at the start of the year	Balance at start of employment	Received during the year	Other changes during the year	Balance at end of employment	Balance at the end of the year
Directors						
Current						
Vaz Hovanessian	10,000,000	-	20,000,000	(20,000,000)	-	10,000,000
Johannes Scholtz	6,000,000	-	6,000,000	-	-	6,000,000
Thomas Egan	3,000,000	-	3,000,000	-		3,000,000
Other						
Andrew Cannington	-	-	-	-	-	-
Guy Glover	-	34,850,000	-	-	-	34,850,000

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

26 – KEY MANAGEMENT PERSONNEL DISCLOSURES (cont.)

(f) Other transactions with Directors

Loans totalling $854,742 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 2007. Broad Investments Ltd has fully repaid all of these loans. Interest was charged to Broad Investments at 12% per annum and the total interest paid to Raxigi Pty Ltd was $19,729. An additional short term loan of $83,000 was raised through Raxigi Pty Ltd subsidiary Manvro Pty Limited providing security for such loan. The interest paid was $13,280 and the loan has been fully repaid as at 30 June 2007.

A loan of $10,000 was received by Broad Investments Ltd from Johan Scholtz during the year to 30 June 2007. Broad Investments Ltd has fully repaid the loan. Interest was charged to Broad Investments at 12% and the total interest paid to Johan Scholtz was $235.

Underwriting fees of $124,800 have been accrued to Findlay & Co Stockbrokers (Underwriters) Pty Ltd which is a company associated with Robin Armstrong, a Director of the Company. These fees were negotiated at arms length before Mr. Armstrong joined the Company's Board and were approved by Shareholders at a General Meeting on 4 May 2007.

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

Broad Investments Ltd has entered into an agreement with each of the shareholders of Pangaea Metals Limited ("Pangaea") to purchase all of the issued capital of Pangaea. As a result of those agreements and the Pangaea transaction, George Lee, a Director of Pangaea Metals Limited, was appointed to the Board of Directors of the Company to provide mining and exploration expertise to the Board. The Pangaea acquisition had two components of consideration which included cash and issue of shares in the Company. The cash consideration of $1,100,000 was paid to the shareholders of Pangaea on or about 14 May 2007, with the share consideration, which was subject to the completion of a prospectus, still pending as at 30 June 2007.

26 – KEY MANAGEMENT PERSONNEL DISCLOSURES (cont.)

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

	Consolidated	
	2007	**2006**
	$	**$**
Revenue		
Interest	-	1,309
Expenses		
Interest (i)	33,244	1,309
Directors Fees	308,029	280,000
Rent & General Office Expenses (ii)	40,000	72,500
Consulting Fees (iii)	50,765	-
Printing (iv)	3,968	-
Communications (v)	2,028	2,149
Annual Report Expenses	-	5,507

(i) Interest paid on sundry loans totalling $947,742 made to Broad Investments Ltd by Directors.

(ii) Rent and general office expenses reimbursed to Managenet Pty Ltd, a company associated with Vaz Hovanessian, 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.

(iii) Consulting fees for on-site computer support for the Broad IP project was supplied by Managenet Pty Ltd, a company associated with Vaz Hovanessian. These services were negotiated at arms length and provided at or below normal industry rates.

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

(v) Communication expenses in relation to 1800 numbers for BroadIP customer support were paid to Zintel Communications Pty Ltd, a company associated with Johan Scholtz.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

27 – CONTINGENT LIABILITIES

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

28 - SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

The following events have occurred subsequent to balance date:

(v) 300,000,000 options were issued on 3 August 2007 exercisable at $0.0072 per share fully paid and expiring on 31 July 2009.
(vi) 69,444,444 shares were issued on 3 August 2007 at $0.0072 per share raising $500,000.00 in working capital.
(vii) 14,229,722 shares were issued on 3 August 2007 at $0.0072 per share in satisfaction of $102,454 in outstanding under-writing fees.
(viii) 4,583,333 shares were issued on 9 August 2007 at $0.0072 each in satisfaction of $33,000.00 in underwriting/placement fees.

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

Principle 1. Lay the Company's foundations for management and oversight

The Company has generally adopted the recommendations taking into account the size of the Company, its operations and the practical aspects of the adoption of the recommendations.

Principle 2. Structure the board to add value

The Company complies with this recommendation. All Directors are independent, are not substantial shareholders or associated with any one who is and their skills are considered appropriate for a company the size of Broad Investments.

Principle 3. Promote ethical and responsible decision making

The Company complies with this recommendation.

Principle 4. Safeguard integrity in financial reporting

The Company does not need to comply with this recommendation as it does not fall within the ASX All Ordinaries Index (Top 500). Nevertheless it does have an audit committee which comprises of one independent Executive Director, Mr. Vaz Hovanessian (Chairman of Committee) and two independent non-executive Director, Mr. Johannes Scholtz and Mr. Robin Armstrong. Mr. Vaz Hovanessian has accounting qualifications and considerable financial and accounting experience and knowledge. Mr. Scholtz has accounting qualifications and experience in financial reporting. Mr. Armstrong is a stockbroker and head of corporate department in his firm and has considerable experience in corporate matters and in governance.

Principle 5. Make timely and balanced disclosure

The Company complies with this recommendation.

Principle 6. Respect the rights of shareholders

The Company complies with this recommendation.

Principle 7. Recognise and manage risk

The Company complies with this recommendation

Principle 8. Encourage enhanced performance

The Company complies with this recommendation.

Principle 9. Remunerate fairly and responsibly

The Company complies with this recommendation.

Principle 10 Recognise the legitimate interests of stakeholders

The Company complies with this recommendation.

The Company's Corporate Governance Policies and Procedures were implemented by the Board on 1st June 2004 and 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.

(ii) Composition of the Board (cont.)

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 five directors comprising one executive director and four non-executive directors. The Constitution does not require a shareholding qualification for directors.

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

An Independent Director:

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

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

(iii) Responsibilities of the Board

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

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

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

BOARD POLICIES

(i) Conflicts of Interest

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

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

(ii) Commitments

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

(iii) Confidentiality

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

(iv) Continued Disclosure

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

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

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

(v) Education and Induction

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

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

(vi) Independent Professional Advice

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

(vii) Related Party Transactions

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

(viii) Shareholder Communication

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

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

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

(ix) Performance Review / Evaluation

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

(x) Trading in Company Shares

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

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

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

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

(x) Trading in Company Shares (cont.)

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

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

(xi) Attestations by CEO

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

BOARD COMMITTEES

(i) Audit & Compliance Committee

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

- oversee and appraise the independence, quality and extent of the total audit effort;
- perform an independent overview of the financial information prepared by Company management for shareholders and prospective shareholders;
- evaluate the adequacy and effectiveness of the Company's and the Group's risk management and financial control, and other internal control systems and evaluate the operation thereof;
- review and endorse the annual and half year attestation statements in accordance with regulatory requirements.
- The appointment of external auditors
- Review and implement risk management and internal control structures appropriate to the needs of the Company;
- Monitor compliance issues, applicable laws and regulations, particularly compliance with the Stock 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.

(i) Audit & Compliance Committee (cont.)

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

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

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

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

Mr. Armstrong is a stockbroker and head of corporate department in his organisation and has many years of corporate and governance experience and has advised many companies in his role as a stockbroker in such matters.

(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. 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 page 9 of the Directors' Report. There is no scheme to provide retirement benefits, other than statutory superannuation for Directors who are paid a salary. For further information in relation to the remuneration of Directors, refer to the Directors' Report.

(iii) Nomination Committee

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

The Constitution provides for events whereby directors may be removed from the board. Similarly shareholders have the ability to nominate, appoint and remove directors. In addition,

the Constitution provides for the regular rotation of directors which ensures that directors seek re-election by shareholder at least once every three years. Given these existing regulatory requirements, directors are not appointed for a specified term and directors' continuity of service is in the hands of shareholders.

COMPANY CODE OF CONDUCT

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

(i) Responsibilities to Shareholders and the Financial Community Generally

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

(ii) Responsibilities to Clients, Customers and Consumers

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

(iii) Employment Practices

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

(iv) Obligations Relative to Fair Trading and Dealing

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

(v) Responsibilities to the Community

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

(vi) Responsibility to the Individual

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

(vii) Conflicts of Interest

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

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

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

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

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

(x) Role of Shareholders

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

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

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

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

AUSTRALIAN STOCK EXCHANGE ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 29 August 2007.

A Distribution of equity securities

Number Held	Class of equity security					
	Ordinary shares	Options @ exercise price 5c	Options @ exercise price 0.4c	Options @ exercise price 0.375c	Options @ exercise price 0.35c	Options @ exercise price 0.72c
1 - 1,000	116	-	-	-	-	-
1,001 - 5,000	261	-	-	-	-	-
5,001 - 10,000	158	-	-	-	-	-
10,001 - 100,000	574	-	-	-	-	-
100,001 and over	1,331	4	2	2	2	2
TOTAL	**2,440**	**4**	**2**	**2**	**2**	**2**

861 shareholders held less than a marketable parcel at 29 August 2007.

B Equity security holders

(i) Twenty largest quoted equity security holders
The names of the twenty largest holders of quoted equity securities are listed below:

Ordinary Shares

Name	Number held	% of issued shares
Jemaya Pty Ltd	69,444,444	3.29
Mr. Shay Shimon Hazan	63,858,230	3.03
Scarecrow Joe's Pty Ltd	60,697,143	2.88
Hotel 8888 Pty Ltd	41,666,667	1.98
YRC Nominees Pty Ltd	30,216,217	1.43
MND Aust Pty Ltd	28,187,227	1.34
IFTC Broking SVC Ltd	27,900,000	1.32
Mr. Pierre Bayssari	27,000,000	1.28
R K Equities Pty Ltd	26,250,000	1.24
Ravina Ltd	23,371,429	1.11
Tara Management Pty Ltd	20,570,066	0.98
Mer Developments Pty Ltd	20,277,777	0.96
Karoo Services Pty Ltd	20,000,000	0.95
Mr. Raymond Fayad	20,000,000	0.95
Mr. George Isaac	19,269,522	0.91
Atheana Sea Holdings Pty Ltd	18,920,000	0.90
Fleurbow Pty Ltd	16,000,000	0.76
Mr. Hong Khanh Thai	16,000,000	0.76
Merrill Lynch Aust Nominees Pty Ltd	15,000,000	0.71
Prattenville Pastoral Co	13,966,784	0.66
TOTAL TOP 20 SHAREHOLDERS	**578,595,507**	**27.44**

AUSTRALIAN STOCK 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 30 June 2008 exercisable at 5c	32,000,000	4
Options for ordinary shares expiring on 31 January 2009 exercisable at 0.4c	30,000,000	2
Options for ordinary shares expiring on 31 January 2009 exercisable at 0.375c	35,000,000	2
Options for ordinary shares expiring on 31 January 2009 exercisable at 0.35c	14,842,985	2
Options for ordinary shares expiring on 31 January 2009 exercisable at 0.72c	300,000,000	2

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

Options for ordinary shares expiring on 30 June 2008 exercisable at 5c	**Number held**
Mr. Imtiaz Ajam	20,000,000
Fone World Australia Pty Ltd	8,500,000

Options for ordinary shares expiring on 31 January 2009 exercisable at 0.4c	**Number held**
Khan Stockbroking Pty Ltd	17,500,000
PT Krisna Jaya Indra Lestari	12,500,000

Options for ordinary shares expiring on 31 January 2009 exercisable at 0.375c	**Number held**
PT Krisna Jaya Indra Lestari	30,000,000

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

Options for ordinary shares expiring on 31 July 2009 exercisable at 0.72c	**Number held**
Khan Stockbroking Pty Ltd	150,000,000
Captain Starlight Nominees Pty Ltd	150,000,000

C VOTING RIGHTS

Ordinary shares
In accordance with the Constitution of the Company, on a show of hands, every shareholder present in person or by proxy, attorney or representative has one vote and on a poll, every shareholder present in person or by proxy, attorney or representative has:
(a) in respect of fully paid shares, one vote for every share held; and
(b) in respect of partly paid shares, such number of votes as bears the same proportion to the total number of such shares held as the amount of the paid up issue price bears to the total price.

Options
Options have no voting rights.

CORPORATE DIRECTORY

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