

# Appendix 4D

## Half Year Report to the Australian Stock Exchange

<b>Name of Entity</b>	<b>Broad Investments Limited</b>
<b>ABN</b>	<b>91 087 813 090</b>
<b>Half Year Ended</b>	<b>31 December 2014</b>
<b>Previous Corresponding Reporting Period</b>	<b>31 December 2013</b>

### *Key information*

#### *Results for Announcement to the Market*

	<b>Current Year 31 Dec 2014 \$</b>	<b>Net increase /(decrease) over previous corresponding period 31 Dec 2013 \$</b>	<b>Percentage increase /(decrease) over previous corresponding period 31 Dec 2013</b>
<b>Revenue from ordinary activities</b>	\$1,359,447	(\$551,218)	Down 29%
<b>Profit / (loss) from ordinary activities after tax attributable to members</b>	(\$239,231)	(\$194,528)	Up 435%
<b>Net profit / (loss) for the period attributable to members</b>	(\$239,231)	(\$194,528)	Up 435%

### *Commentary on results as disclosed above*

Revenue from ordinary activities decreased by 29% on the previous half year to \$1,359,447 (2013: \$1,910,665). The decrease was largely due to the re-structure of one of the major customers of the Company's operating business Mirrus Holdings, resulting in more jobs being done in-house by the customer, resulting in reduced business for Mirrus Holdings..

The consolidated entity recorded a loss for the half-year of \$239,231 (2013: \$44,703 loss). The large increase in the loss was largely due to the reduction in turnover of Mirrus Holdings for the reason noted above. Operating expenses remained at a similar level in comparison to the corresponding period in 2013.

## ***Other information***

### ***Net Tangible Asset backing (NTA)***

	<b>Current Year 31 Dec 2014</b>	<b>Previous Year 31 Dec 2013</b>
Net tangible asset backing per ordinary security	<u>(0.10) cents</u>	<u>(0.06) cents</u>

### ***Control gained / lost over controlled entities***

During and since the six month period to 31 December 2014 there has not been any control gained or lost over controlled entities.

### ***Dividend or distribution reinvestment plans***

During and since the six month period to 31 December 2014 there has not been any dividend paid or dividend distribution reinvestment plan in operation.

### ***Associates and joint venture entities***

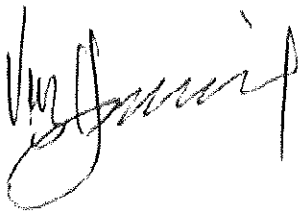
During and since the six month period to 31 December 2014 the economic entity has not recognised any associates or joint venture entities which require disclosure under the equity method of accounting.

### ***Foreign entities accounting framework***

Broad Investments Limited group does not contain any foreign entities and is therefore not subject to any such foreign entity accounting framework.

### ***Attachments forming part of Appendix 4D***

1. An interim financial report for the half-year ended 31 December 2014 is provided with the Appendix 4D information.
2. The interim report has been prepared in accordance with AASB 134 Interim Financial Reporting.
3. The Appendix 4D information is based on the interim financial report, which has been subject to auditor review.
4. The auditor review is provided with the interim financial report.



Vaz Hovanessian  
Chairman

27 February 2015

# **Broad Investments Limited**

**ABN 91 087 813 090**

**and Controlled Entities**

**Interim Financial Report**

**Six Months Ended 31 December 2014**

**BROAD INVESTMENTS LIMITED - ABN 91 087 813 090**  
and Controlled Entities

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**BROAD INVESTMENTS LIMITED - ABN 91 087 813 090**  
and Controlled Entities

**DIRECTORY**

<b>Directors</b>	Vaz Hovanessian – Executive Chairman Neil Gibson – Non executive Director – Resigned 28/11/2014 Johannes Scholtz – Non executive Director Catherine Bray – Non Executive Director – Appointed 10/11/2014
<b>Company Secretary</b>	Vaz Hovanessian – Bach. Bus., M.App.Fin., CPA., FCSA.
<b>Registered Office</b>	15 Whiting Street Artarmon, NSW. 2064 Postal: PO Box 126, Artarmon, NSW, 1570 Telephone: (02) 9425 0000 Facsimile: (02) 9425 0099
<b>Share Registry</b>	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross, WA. 6153 Postal: PO Box 535, Applecross, WA. 6953  Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
<b>Auditors</b>	Crowe Horwath Sydney Level 15, 1 O'Connell Street Sydney, NSW, 2000
<b>Legal Advisors</b>	Weir & Stempel Barristers & Solicitors 50 Strathalbyn Street, East Kew, VIC. 3102
<b>Bankers</b>	Commonwealth Bank of Australia Ltd 120 Pitt Street SYDNEY NSW 2000
<b>Stock Exchange Listing</b>	The Company is listed on:  Australian Securities Exchange ASX Code: BRO

## **DIRECTORS' REPORT**

The directors present their report on the consolidated entity (referred to hereafter as “the consolidated entity” or “Group”) consisting of Broad Investments Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

### **DIRECTORS**

The names of the directors in office throughout the six months and up to the date of this report are:

#### *Executive Chairman*

Mr Vaz Hovanessian

#### *Non-executive Directors*

Mr Johannes Scholtz

Mr Neil Gibson – Resigned 28/11/2014

Mrs Catherine Bray – Appointed 10/11/2014

### **PRINCIPAL ACTIVITIES**

The principal activity of the Group is as a provisioning services business, servicing the communications and ICT markets.

### **REVIEW AND RESULTS OF OPERATIONS**

The consolidated entity recorded a loss for the half-year of \$239,231 (2013: \$44,703 loss). The large increase in the loss was largely due to the re-structure of one of the major customers of the Company’s operating business Mirrus Holdings, resulting in more jobs being done in-house by the customer, resulting in reduced business for Mirrus Holdings.

In view of the above revenue from ordinary activities decreased by 28% compared to the corresponding period in 2013 to \$1,358,880 (2013: \$1,909,448).

### **PREPARATION OF INTERIM FINANCIAL REPORT**

The financial statements and notes thereto have been prepared in accordance with Australian equivalents to International Financial Reporting Standards.

### **DIVIDENDS**

The directors do not recommend payment of a dividend, and no dividend has been paid during the half-year.

### **SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE**

There were no significant events subsequent to balance date.

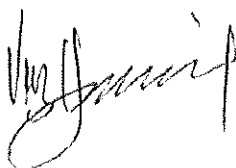
**DIRECTORS' REPORT (cont.)**

**AUDITOR'S DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6 for the half-year ended 31 December 2014.

The report is signed in accordance with a resolution of the Board of Directors, pursuant to Section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Vaz Hovanesian', written over a horizontal line.

Vaz Hovanesian  
Chairman

27 February 2015

27 February 2015

The Board of Directors  
Broad Investments Limited  
15 Whiting Street  
ARTARMON NSW 2064

Dear Board Members

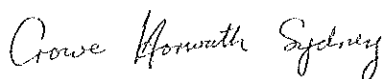
**BROAD INVESTMENTS LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Broad Investments Limited and its controlled entities.

As lead audit partner for the review of the half-year financial statements of Broad Investments Limited and its controlled entities for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

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

Yours sincerely

**CROWE HORWATH SYDNEY****JOHN HAYDON**  
Partner



## **DIRECTORS' DECLARATION**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Vaz Hovanessian  
Chairman

27 February 2015

**BROAD INVESTMENTS LIMITED - ABN 91 087 813 090**  
and Controlled Entities

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	<b>31 December 2014 \$</b>	<b>31 December 2013 \$</b>
Sales revenue	1,358,880	1,909,448
Interest income	567	1,217
<b>Total revenue from continuing operations</b>	<b>1,359,447</b>	<b>1,910,665</b>
Less:		
Cost of sales	(856,952)	(1,226,445)
<b>Gross Profit</b>	<b>502,495</b>	<b>684,220</b>
Employee benefits expense	(312,701)	(266,266)
General & administrative expenses	(390,496)	(413,685)
Finance costs	(8,647)	(19,624)
Depreciation and amortisation expense	(2,780)	(3,160)
Net bad & doubtful debts written back	-	10,642
Gain / (loss) on sale of available for sale financial assets	-	(20,084)
Impairment expense	-	(16,746)
Financial assets fair value movement through profit and loss	(27,102)	-
<b>Total expenses from ordinary activities</b>	<b>(741,726)</b>	<b>(728,923)</b>
<b>Loss before income tax expense</b>	<b>(239,231)</b>	<b>(44,703)</b>
Income tax expense	-	-
<b>Net loss for the period</b>	<b>(239,231)</b>	<b>(44,703)</b>
<b>Other comprehensive income</b>		
Net change in fair value of available for sale financial assets	-	74,314
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	<b>74,314</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>(239,231)</b>	<b>29,611</b>
<b>Loss attributable to:</b>		
<b>Members of the parent entity</b>	<b>(239,231)</b>	<b>(44,703)</b>
<b>Total Comprehensive income / (loss) attributable to:</b>		
<b>Members of the parent entity</b>	<b>(239,231)</b>	<b>29,611</b>
<b>Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company</b>	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(0.03)	(0.01)
Diluted loss per share	(0.03)	(0.01)

The accompanying notes form part of these financial statements.

**BROAD INVESTMENTS LIMITED - ABN 91 087 813 090**  
and Controlled Entities

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014**

	Note	31 December 2014 \$	30 June 2014 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash & cash equivalents		67,186	311,635
Trade & other receivables		387,019	324,720
Financial assets at fair value through profit and loss		2,240	1,008
Financial assets available for sale		17,709	46,043
<b>Total current assets</b>		<b>474,154</b>	<b>683,406</b>
<b>Non-current assets</b>			
Plant and equipment		36,071	38,583
<b>Total non-current assets</b>		<b>36,071</b>	<b>38,583</b>
<b>TOTAL ASSETS</b>		<b>510,225</b>	<b>721,989</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		1,244,168	1,295,314
Borrowings		53,356	25,705
Provisions		60,275	37,451
Others		28,138	-
<b>Total current liabilities</b>		<b>1,385,937</b>	<b>1,358,470</b>
<b>TOTAL LIABILITIES</b>		<b>1,385,937</b>	<b>1,358,470</b>
<b>NET (LIABILITIES)</b>		<b>(875,712)</b>	<b>(636,481)</b>
<b>Equity</b>			
Contributed equity		23,796,796	23,796,796
Accumulated losses		(24,672,508)	(24,433,277)
<b>TOTAL EQUITY</b>		<b>(875,712)</b>	<b>(636,481)</b>

The accompanying notes form part of these financial statements.

**BROAD INVESTMENTS LIMITED - ABN 91 087 813 090**  
and Controlled Entities

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Share capital - Ordinary	Reserves	Accumulated losses	Total
	\$	\$	\$	\$
<b>Balance at 1-7-2013</b>	<b>23,964,796</b>	<b>1,146,000</b>	<b>(25,671,898)</b>	<b>(561,102)</b>
Contributions of equity net of transaction costs	(3,001)	-	-	(3,001)
Other comprehensive income	-	74,314	-	74,314
Transfer	-	(1,146,000)	1,146,000	-
Loss attributable to members of parent entity	-	-	(44,703)	(44,703)
<b>Balance at 31-12-2013</b>	<b>23,961,795</b>	<b>74,314</b>	<b>(24,570,601)</b>	<b>(534,492)</b>
<b>Balance at 1-7-2014</b>	<b>23,796,796</b>	<b>-</b>	<b>(24,433,277)</b>	<b>(636,481)</b>
Contributions of equity net of transaction costs	-	-	-	-
Other comprehensive income	-	-	-	-
Transfer	-	-	-	-
Loss attributable to members of parent entity	-	-	(239,231)	(239,231)
<b>Balance at 31-12-2014</b>	<b>23,796,796</b>	<b>-</b>	<b>(24,672,508)</b>	<b>875,712</b>

The accompanying notes form part of these financial statements.

**BROAD INVESTMENTS LIMITED - ABN 91 087 813 090**  
and Controlled Entities

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	<b>31 December 2014 \$</b>	<b>31 December 2013 \$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	1,311,688	1,982,145
Payments to suppliers and employees	(1,575,438)	(1,872,410)
Interest received	566	1,217
Interest paid	(8,647)	-
<b>Net cash provided by / (used in) operating activities</b>	<b>(271,831)</b>	<b>110,952</b>
<b>Cash flows from investing activities</b>		
Payment for physical non-current assets	(268)	(584)
Proceeds from the disposal of equity investments	-	22,868
<b>Net cash provided by / (used in) investing activities</b>	<b>(268)</b>	<b>22,284</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	211,850	37,439
Repayments of borrowings	(184,200)	(159,693)
<b>Net cash provided by / (used in) financing activities</b>	<b>27,650</b>	<b>(122,254)</b>
<b>Net increase in cash held</b>	<b>(244,449)</b>	<b>10,982</b>
Cash at the beginning of the financial period	311,635	284,073
<b>Cash at end of the period</b>	<b>67,186</b>	<b>295,055</b>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

These General Purpose consolidated interim financial statements for the half-year reporting period ended 31 December 2014 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Broad Investments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**Going concern**

The directors believe that the going concern basis is appropriate for the preparation and presentation of the financial statements, notwithstanding continued operating losses, negative working capital and negative shareholder funds, 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, share purchase plan, rights issue or debt facility for acquisitions which would enhance profitability and cash flow.

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Going concern (cont.)**

In the event that the outcomes of the abovementioned matters are unfavourable, the Directors believe that they have sufficient cash and other assets for the Company to continue to meet its debts as and when they become due and payable. In addition, the Chairman has provided a letter of financial support should the Company ever need it.

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.

**Principles of Consolidation**

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

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

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

These financial statements are presented in Australian dollars which is the company's functional and presentation currency.

**New and Amended Standards**

None of the new standards and amendment to standards that are mandatory for the first time for the financial period beginning 1 July 2014 resulted in material adjustments to the amounts recognised in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 2 – RESULTS FOR THE PERIOD**

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

	31 December 2014 \$	31 December 2013 \$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Unrealised gain / (loss) on shares	(27,102)	74,314

**NOTE 3 – OPERATING SEGMENTS**

**Segment Information**

*Identification of reportable segments*

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

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

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

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

**Types of services by segment**

*Managed services*

The managed services segment provides the provision of services to telecommunications and ICT companies.

*Telecommunications services*

The telecommunications services segment provides the provision of telecommunications equipment and services to all types of customers but has a focus towards small to medium enterprises (SMEs).

*Share trading & investments*

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

*Corporate*

A segment that handles corporate and administration matters.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 3 – OPERATING SEGMENTS (Cont.)**

**Basis of accounting for purposes of reporting by operating segments**

*Accounting policies adopted*

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

*Inter-segment transactions*

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

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

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

*Segment assets*

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

*Segment liabilities*

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

*Comparative information*

Comparative information has been stated to conform to the requirements of the Standard.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 3 – OPERATING SEGMENTS (Cont.)**

**Segment performance**

<b>31/12/14</b>	<b>Managed Services</b>	<b>Telecomm- unications</b>	<b>Share Trading &amp; Investments</b>	<b>Corporate</b>	<b>TOTAL</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>					
External sales	1,255,987	102,893	-	-	1,358,880
Inter-segment sales	-	8,468	-	300,000	308,468
Interest revenue	51	-	-	516	567
<b>Total segment revenue</b>	<b>1,256,038</b>	<b>111,361</b>	<b>-</b>	<b>300,516</b>	<b>1,667,915</b>
<i>Reconciliation of segment revenue to group revenue</i>					
Inter-segment elimination					(308,468)
<b>Total group revenue</b>					<b>1,359,447</b>
<b>Segment net profit/(loss) before tax</b>	<b>90,803</b>	<b>(38,053)</b>	<b>(27,102)</b>	<b>(264,879)</b>	<b>(239,231)</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
Inter-segment elimination					-
<b>Net loss before tax</b>					<b>(239,231)</b>

**Segment performance**

<b>31/12/13</b>	<b>Managed Services</b>	<b>Telecomm- unications</b>	<b>Share Trading &amp; Investments</b>	<b>Corporate</b>	<b>TOTAL</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>					
External sales	1,825,228	84,220	-	-	1,909,448
Inter-segment sales	-	17,025	-	360,000	377,025
Interest revenue	266	-	-	951	1,217
<b>Total segment revenue</b>	<b>1,825,494</b>	<b>101,245</b>	<b>-</b>	<b>360,951</b>	<b>2,287,690</b>
<i>Reconciliation of segment revenue to group revenue</i>					
Inter-segment elimination					(377,025)
<b>Total group revenue</b>					<b>1,910,665</b>
<b>Segment net profit/(loss) before tax</b>	<b>(160,418)</b>	<b>(63,510)</b>	<b>(20,196)</b>	<b>93,367</b>	<b>(150,757)</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
Inter-segment elimination					106,054
<b>Net loss before tax</b>					<b>(44,703)</b>
<i>Other segment information</i>					
Impairment expense	-	(16,634)	(112)	-	(16,746)

**BROAD INVESTMENTS LIMITED - ABN 91 087 813 090**  
and Controlled Entities

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 3 – OPERATING SEGMENTS (Cont.)**

**Segment assets**

As at 31 December 2014	Managed Services	Telecommunications	Share Trading & Investments	Corporate	TOTAL
	\$	\$	\$	\$	\$
Segment assets	402,764	30,676	19,949	56,836	510,225
<i>Segment asset increases for the period</i>					
Acquisitions	268	-	-	-	268
<i>Reconciliation of segment assets to group assets</i>					
Inter-segment eliminations					-
<b>Total group assets</b>					<b>510,225</b>

As at 30 June 2014	Managed Services	Telecommunications	Share Trading & Investments	Corporate	TOTAL
	\$	\$	\$	\$	\$
Segment assets	344,100	47,051	33,435	297,403	721,989
<i>Segment asset increases for the period</i>					
Acquisitions	1,236	1,250	-	-	2,486
<i>Reconciliation of segment assets to group assets</i>					
Inter-segment eliminations					-
<b>Total group assets</b>					<b>721,989</b>

**Other segment information**

Acquisition of plant and equipment	1,236	-	-	-	1,236
Acquisition of share options	-	1,250	-	-	1,250

**Segment liabilities**

As at 31 December 2014	Managed Services	Share Trading & Investments	Telecommunications	Corporate	TOTAL
	\$	\$	\$	\$	\$
Segment liabilities	495,921	-	129,672	7,160,348	7,785,941
<i>Reconciliation of segment liabilities to group liabilities</i>					
Inter-segment eliminations					6,400,004
<b>Total group liabilities</b>					<b>1,385,937</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 3 – OPERATING SEGMENTS (Cont.)**

**Segment liabilities (cont.)**

As at 30 June 2014	Managed Services	Share Trading & Investments	Telecommu- nication Services	Corporate	TOTAL
	\$	\$	\$	\$	\$
Segment liabilities	938,806	-	554,995	6,004,576	7,498,377
<i>Reconciliation of segment liabilities to group liabilities</i>					
Inter-segment eliminations					(6,139,907)
Total group liabilities					<u>1,358,470</u>

**Geographical segments**

The Group operates primarily within Australia.

**Major customers**

The Group has customers to whom it provides services.

The Group supplies a single external customer in the managed services segment who accounts for 99.46% of external revenue (2013: 95.56%). The next most significant client accounts for 0.54% (2013: 1.05%) of external revenue.

**NOTE 4 - EQUITY SECURITIES ISSUES**

Issues of ordinary shares	31 December 2014 No. of Shares	30 June 2014 No. of Shares	31 December 2014 \$	30 June 2014 \$
Opening balance	853,153,033	853,153,033	23,796,796	23,964,796
Redemption of convertible notes: - 4/4/14 82,500,000 convertible notes @ \$0.002 each				(165,000)
Share redemption fees				(3,000)
Closing balance	<u>853,153,033</u>	<u>853,153,033</u>	<u>23,796,796</u>	<u>23,796,796</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 5 – FINANCIAL RISK MANAGEMENT**

**Offsetting financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the balance sheet are disclosed in the first three columns of the tables that follow.

Financial assets	Effects of offsetting on the balance sheet			Related amounts not offset	
	Gross amounts of financial assets	Gross amounts set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Amounts subject to master netting arrangements	Net amount
	\$	\$	\$	\$	\$
<b>2014</b>					
Trade and other receivables	918,208	(531,189)	387,019	-	-
<b>Total</b>	<b>918,208</b>	<b>(531,189)</b>	<b>387,019</b>	<b>-</b>	<b>-</b>
<b>2013</b>					
Trade and other receivables	781,453	(525,993)	255,460	-	-
<b>Total</b>	<b>781,453</b>	<b>(525,993)</b>	<b>255,460</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 5 – FINANCIAL RISK MANAGEMENT (Cont.)**

Financial liabilities	Effects of offsetting on the balance sheet			Related amounts not offset	
	Gross amounts of financial liabilities	Gross amounts set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Amounts subject to master netting arrangements	Net amount
2014	\$	\$	\$	\$	\$
Borrowings	53,356	-	53,356	-	-
<b>Total</b>	<b>53,356</b>	<b>-</b>	<b>53,356</b>	<b>-</b>	<b>-</b>
<b>2013</b>					
Borrowings	68,026	-	68,026	-	-
<b>Total</b>	<b>68,026</b>	<b>-</b>	<b>68,026</b>	<b>-</b>	<b>-</b>

**NOTE 6 – FAIR VALUE MEASUREMENTS**

The group measures and recognises the following assets at fair value on a recurring basis:

- Financial assets at fair value through profit or loss (FVTPL);
- Available-for-sale financial assets.

**Fair value hierarchy**

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 6 – FAIR VALUE MEASUREMENTS (Cont.)**

**Fair value hierarchy (cont.)**

*Recognised fair value measurements*

The following table presents the group's assets and liabilities measured and recognised at fair value at 31 December 2014. Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new rules.

At 31 December 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	19,949	-	-	19,949
Trading securities	-	-	-	-
Available-for-sale financial assets				
Trading securities	-	-	-	-
<b>Total financial assets</b>	<b>19,949</b>	<b>-</b>	<b>-</b>	<b>19,949</b>

At 31 December 2013	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Financial assets at FVTPL				
Trading securities	1,120	-	-	1,120
Available-for-sale financial assets				
Trading securities	105,941	-	-	105,941
<b>Total financial assets</b>	<b>107,061</b>	<b>-</b>	<b>-</b>	<b>107,061</b>

There were no transfers between levels for recurring fair value measurements during the year, and as there are no level 2 or level 3 fair value measurements no valuation techniques have been used.

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**BROAD INVESTMENTS LIMITED - ABN 91 087 813 090**  
and Controlled Entities

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 7 – KEY MANAGEMENT PERSONNEL**

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

**NOTE 8 – DISCONTINUED OPERATIONS**

There were no discontinued operations during the six months ended 31 December 2014.

**NOTE 9 – BUSINESS COMBINATION**

There were no acquisitions in the half year ended 31 December 2014.

**NOTE 10 - CONTINGENT LIABILITIES**

There were no contingent liabilities as at 31 December 2014.

**NOTE 11 – CAPITAL COMMITMENTS**

There were no capital commitments as at 31 December 2014.

**NOTE 12 - EVENTS SUBSEQUENT TO BALANCE DATE**

There were no significant events subsequent to balance date.



## INDEPENDENT AUDITOR'S REVIEW REPORT

### To the members of Broad Investments Limited and its Controlled Entities

#### Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Broad Investments Limited (the company) and its Controlled Entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

#### *Directors' Responsibility for the Half-year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Broad Investments Limited and its Controlled Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### *Independence*

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



#### *Conclusion*

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

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

#### *Emphasis of Matter*

Without modifying our opinion, we draw attention to the consolidated statement of financial position in the financial report, which indicates the group's current liabilities exceeded its current assets by \$911,783 and net liabilities of \$875,712 as at 31 December 2014. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business.

*Crowe Horwath Sydney*

**CROWE HORWATH SYDNEY**

*John Haydon*

**JOHN HAYDON**  
Partner

Dated this 27<sup>th</sup> day of February 2015