

BigAir Group Limited

Consolidated Entity

ABN 57 098 572 626

Annual report
for the financial year ended 30 June 2010

BigAir Group Limited– Consolidated Entity

Annual report for the financial year ended 30 June 2010

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Corporate governance statement

The Board is committed to sound corporate governance to ensure stakeholder expectations are met and that the Company is in compliance with the Australian Securities Exchange (ASX) Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (*ASX Recommendations*). The ASX Recommendations provide a corporate governance framework for ASX listed companies.

As required by the ASX Listing Rules this statement sets out the extent to which the Company has complied with the ASX Recommendations during the financial year to 30 June 2010 and identifies any of the ASX Recommendations not followed and the reason why the Company has not adopted the ASX Recommendations. This statement adopts the ordering and numbering of the ASX Recommendations.

Principle 1: Lay solid foundation for management and oversight

The Board has adopted a charter that details the roles and responsibilities of the Board and its members and their relationship with management to achieve the objectives of delivering shareholder value. The Board's Charter, Continuous Disclosure Plan and Code of Conduct and Ethics are available for access by shareholders and the general public. (*ASX Recommendation 1.1*).

Collectively, the Board is responsible and accountable to the shareholders for the overall performance of the business and for determining the strategic direction of the Company. The Board has delegated specific authority to the various Committees of the Board and the Chief Executive Officer.

Principle 2: Structure the board to add value

The Board considers that there should be an appropriate mix of skills, personal attributes and experience to enable the Board and individual directors to discharge their duties and responsibilities in the interest of and to maximise shareholder value.

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are set out in the Director's Report which immediately follows on from this Corporate Governance Statement. (*ASX Recommendation 2.6*)

The membership of the Board during the year ended 30 June 2010, including independence status and date of appointment and resignation (if applicable) was as follows:

Director	Status	Date of Appointment	Date of Resignation
Paul Tyler	Non-Executive Independent Chairman	15 September 2008	-
Nigel Jeffries	Non-Executive Director	9 May 2006	-
Vivian Stewart	Non-Executive Director	11 June 2008	-
Jason Ashton	Executive Director and Chief Executive Officer	7 June 2002	-
Patrick Choi	Executive Director, Chief Operating Officer and Chief Financial Officer	27 July 2008	-

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Corporate governance statement (cont'd)

The Company has in place a number of practices relating to the division of responsibilities including the Chairman being an independent director. (*ASX Recommendations 2.2 and 2.3*) These policies are available for general viewing on the Company's website.

Details are set out in the Director's Report which follows this Corporate Governance Statement. The Board had an informal policy of ensuring the Board has a majority of independent directors. During the prior year changes and resignations led the Board to review its composition and moved to a more appropriate Board with a majority of the directors being non-executive.

Independent Directors (*ASX Recommendation 2.1*)

It is important to recognise the need for independent directors to provide oversight to ensure that the Board and senior management are accountable to shareholders for the performance of the Company. The independence of the Directors' is assessed annually against the following criteria:

- is not a substantial shareholder or representative of a substantial shareholder, with a substantial shareholder being one with five percent or more of the Company's voting securities;
- has not, within the last three years, been employed in an executive capacity by the Company or other Group member or being a director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional advisor or a material consultant to the Company or another Group member or an employee materially associated with the service provider;
- is not a material supplier or customer of the Company or another Group member or otherwise associated with a material supplier or customer;
- has no material contractual relationship with the Company or any associated Group member other than as a director of the Company;
- has not served on the Board for a period in excess of the Company's agreed tenure rules; and
- has no interest or relationship that could, or could reasonable be perceived to, materially interfere with the Directors ability to act in the best interest of the Company.

During the financial year one Director was, based on the above criteria, considered independent.

The Board Committees

Two Board Committees have been established to assist in the discharge of the Board's responsibilities, the Audit Committee and a Nomination and Remuneration Committee. It has been the Boards policy that these Committees be chaired by an Independent Director. (*ASX Recommendation 2.4 and 4.3*). The Board may, at its discretion, establish other special purpose committees. The membership of these two committees during the year ended 30 June 2010 is outlined below.

Committee Membership	Audit Committee	Nominations & Remuneration Committee	Date of Appointment	Date of Resignation
Paul Tyler	Chairman	Chairman	15 September 2008	-
Nigel Jeffries	Member	Member	9 May 2006	-
Vivian Stewart	Member	Member	11 June 2008	-
Jason Ashton	In attendance	-	7 June 2002	-
Patrick Choi	In attendance	-	27 July 2008	-

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Audit Committee

The main objective of the Audit Committee is to oversee the quality and integrity of the accounting, auditing, financial reporting and compliance practices of the Company including:

- oversee the compliance of the financial statements with legislative and other mandatory reporting requirements;
- making informed decisions in relation to accounting and regulatory policies, practices and disclosure requirements and reviewing the scope and results of the external audits;
- provide a direct line of communication between directors and the external auditors;
- monitor the effectiveness of internal control systems; and
- review the Group's commercial practices and policies.

In addition to the non-executive director members, Audit Committee meetings are attended by members of management and external auditors as appropriate.

Nomination and Remuneration Committee *(ASX Recommendation 2.4)*

The Nomination and Remuneration Committee role is to consider the structure and balance of the Board including, when necessary, selecting candidates for the position of director as well as providing maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and key executives fairly and appropriately.

The Committee's primary functions are:

- To set director competence standards and review Board succession plans;
- To evaluate the Board's, Committees and individual directors performance;
- To make recommendations to the Board on:
 - executive remuneration and incentive policies;
 - the Company's recruitment, retention, performance management and termination policies for senior management;
 - medium and long term incentive plans; and
 - the remuneration framework for directors.

The Nomination and Remuneration Committee has adopted a charter that details the role and responsibilities of the Committee and its members. The charter is currently being reviewed and updated and will, following adoption by the Board, be posted on the Company's website following inclusion of the Corporate Governance section.

All members of the Remuneration and Nomination Committee were non-executive directors for the financial year.

Give the prior year change in Board composition, it has been resolved that the function of these two committees will be undertaken by the Board, excluding the executive directors, for the foreseeable future.

Principle 3: Promote ethical and responsible decision making

Directors and the Senior Executive Team are required to maintain the highest legal, moral and ethical standards of conduct. The Board has adopted the Code of Conduct and Ethics which provides guidance for all staff on compliance with legal and other obligations in a way that enhances the reputation of the Company. *(ASX Recommendation 3.1)*

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The Directors and the Senior Executive Team are currently developing a diversity policy which will include the measurable objectives for achieving the policy set by the board. Following adoption by the Board the policy will be posted on the Company's website in the Corporate Governance section. (ASX Recommendation 3.2-4)

The Code of Conduct and Ethics is posted on the Company's website in the Investor Relations section. (ASX Recommendation 3.5)

Principle 4: Safeguard integrity in financial reporting

The Company's Board is committed to ensuring the integrity of the Group's financial reports. To assist the Board in fulfilling this commitment the Audit Committee, which was comprised of three non-executive Directors, adopted processes which are aimed at providing assurance that the financial statements and related notes are in accordance with applicable accounting standards and provide a true and fair view. Compliance with these procedures and policies is subject to review by the external auditors. The Committee approves and oversees the implementation of any new accounting policies or processes. (ASX Recommendations 4.2 and 4.3)

The Committee provided a link between the external auditors and the Board, and monitored compliance with the Company's statutory responsibilities. The Committee is responsible for making recommendations on the appointment, evaluation and dismissal of external auditors, setting fees and ensuring that the external auditors report to the Committee and the Board. The Committee reviews the performance and independence of the external auditors on an annual basis.

BigAir is also committed to auditor independence. The Committee reviews the independence and objectivity of the external auditor.

The Chief Executive Officer and the Chief Financial Officer provide the Board with written confirmation that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and that the operational results are in accordance with relevant accounting standards.

The Audit Committee has adopted a charter that details the composition, role and responsibilities of the Board. The charter is available on the Company's website. (ASX Recommendations 4.4)

As noted above the role of the Audit Committee has been assumed by the Board, excluding the two executive directors where appropriate, for the foreseeable future.

Principle 5: Make timely and balanced disclosure

The Company believes that shareholders, regulators and the investment community generally should be fully informed of events and risks that impact the Company in a timely and accessible manner. The Company adopted a Continuous Disclosure Policy in 2005. The policy is available on the Company's website. The Board continuously monitors for compliance. (ASX Recommendations 5.1 and 5.2)

The Policy ensures the Company complies with its continuous disclosure obligations, as defined under the *Corporations Act 2001* and ASX Listing Rules, in respect of price-sensitive information which is lodged with the ASX as soon as practical and before disclosure to external parties.

Corporate governance statement

Principle 6: Respect the rights of the shareholders

It is the policy of the Company that all external communications are factual, timely, do not omit material information and are expressed in a clear and objective manner. Email communication of ASX announcements is currently provided to just over half of all shareholders and the Company is actively perusing broader email communication with shareholders.

The principal communication channels are through the provision of the annual and half-yearly reports, periodic analyst and media briefings, the distribution of specific material covering major transactions and events and the Annual General Meeting. Notices of Meeting will be accompanied by explanatory notes on the items of business and together they will seek to clarify and explain the nature of the business of the meeting. The Company notes the ASX Recommendation that the Company has a written policy in respect of external communications however the Board and management are of the opinion that the size of the organisation and the internal lines of communication are such that a formal written policy is not warranted at this time. (*ASX Recommendation 6.1*)

The Board's philosophy is to encourage 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.

The external auditor attends the Annual General Meeting and is available to answer questions about the conduct of the audit and the preparation and content of the auditor's report. (*ASX Recommendation 6.2*)

Principle 7: Recognise and manage risk

There are substantial risks in the market in which the Company operates. While it is important that risks are identified and monitored by management and the Board, it is not possible for the Company to eliminate all risks. Management monitors risk and provides monthly updates to the Board and responds to issues raised by the Board. The Company notes the ASX Recommendation that the Company has a written policy in respect of risk however, as with external communications, both the Board and management are of the opinion that the size of the organisation and the internal lines of communication are such that a formal written policy is not warranted at this time. (*ASX Recommendation 7.1*)

Management and the Board are responsible for the Company's internal controls. The Board monitors operational and financial aspects and, through the Audit Committee, considers the advice of external auditors and other external advisers on operational and financial risks which the Company faces.

The Chief Executive Officer and Chief Financial Officer provide written assurance to the Board as to the integrity of the financial statements and that they are founded on a sound system of risk management and internal controls which are operating effectively and efficiently. (*ASX Recommendations 7.2 and 7.3*)

Principle 8: Remuneration fairly and responsibly

The Company's remuneration policy and practices are designed to attract, motivate and retain high-quality people and are contained in the Remuneration Report contained in the Directors' Report in relation to the Directors and senior executives (see pages 16-18).

The Company recognises that investors need to understand the cost and benefits of those policies and the link between remuneration paid and corporate performance. Details are contained in the Remuneration Report. The Board has established a Nominations and Remuneration Committee which conformed during

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Corporate governance statement

the financial year to the ASX Recommendations in relation to number of members and chair, however it does not consist of a majority of independent directors. Further details in relation to the Committee, including the number of meetings held and membership, are disclosed in the Directors' Report. (*ASX Recommendation 8.1-2*).

The Company's Employee Share Plan and Share Option Plan were approved by shareholders at the 2005 Annual General Meeting, prior to the Company listing on the Australian Stock Exchange Limited. A description of the Share Option Plan is provided in the Financial Report including the number of options on issue, details of expiry dates and exercise price. There have been no shares issued under the Employee Option Plan. (*ASX Recommendation 8.3*)

The remuneration for non-executive directors as well as that of executive directors and senior management is detailed in the Remuneration Report and in accordance with the ASX Recommendations there are no termination payments other than payments accruing from superannuation contributions comprising part of the Director's remuneration. (*ASX Recommendation 8.3*)

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Directors' report for the financial year ended 30 June 2010

The directors of BigAir Group Limited submit herewith the annual financial report of the BigAir Group Ltd consolidated entity for the year ended 30 June 2010. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names and particulars of the directors of the Company during or since the end of the financial year are:

Name	Particulars
Paul Tyler (Non-Executive Independent Chairman)	B.Eng, MBA. Over 17 years international experience in the Telecommunications industry holding executive roles in Nokia Siemens Networks, Nokia and Alcatel. Currently Head of Sales, Network Systems for the Asia Pacific Region at Nokia Siemens Networks and previously Managing Director of Nokia Siemens Networks for Australia, New Zealand and the Pacific Islands. Chairman of Nomination and Remuneration Committee and Audit Committee.
Jason Ashton (Executive Director)	B.Sc, M. Comm. Co-founded BigAir in 2002. Previously co-founded business ISP Magna Data in 1993, which was acquired by Davnet Limited in 1999 for \$20m. Also served as CEO of DavTel Pty Ltd, Australian subsidiary of NTT Communications (Japan).
Patrick Choi (Executive Director)	B Computer Science, MBA. Co-founded BigAir in 2002. Extensive telecommunications and IT industry experience, formally executive director at Powertel Limited. Previously based in New York at SK Telecom International.
Nigel Jeffries (Non-Executive Director)	B. Comm. New Zealand based investor and substantial shareholder of BigAir. CEO of Propertyiq NZ Ltd, a joint venture company of RP Data Pty Ltd and QV Ltd. 20 years experience in senior positions in Information and Technology sector. Holds a Commerce degree from Massey University. Member of Nomination and Remuneration Committee and Audit Committee.
Vivian Stewart (Non- executive Director)	B.A., MBA. Extensive background in IT&T industry, venture capital and corporate advisory. Co-founded two IT&T companies and currently a director of Hall Capital specialising in capital raisings and corporate strategy. Member of Nomination and Remuneration Committee and Audit Committee.

The above named directors held office of the Company during and since the end of the financial year.

Directorships of other listed companies

None of the directors held directorships of other listed companies in the 3 years immediately before the end of the financial year.

Former partners of the audit firm

None of the officers of the Company were a partner in the auditor of the Group at any time prior to or during the financial year.

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Directors' report (cont'd)

Company secretary

Name	Particulars
Patrick Choi	B Computer Science, MBA. Co-founded BigAir in 2002. Extensive telecommunications and IT industry experience, formally executive director at Powertel Limited. Previously based in New York at SK Telecom International. Currently Executive Director, Chief Operating Officer and Chief Financial Officer of the Group.

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the Remuneration Report of this director's report, on pages 16 to 18.

Principal activities

The consolidated entity's principal activity in the course of the financial year was providing broadband communications services using wireless technologies to the wholesale ISP, business and residential markets. A strong focus is placed on the wholesale ISP and Carrier markets.

There was no significant change in the nature of the business activities of the consolidated entity during the year.

During the financial year the Group acquired the assets and customer base of Wizz Pty Ltd, further consolidating the wholesale fixed wireless market.

Review of Operations

The past two financial years have been a turning point in BigAir's corporate history as the legacy iBurst business is now well and truly behind us and we have also experienced substantial growth in both profit and free cashflow. For the second year in a row BigAir has outperformed its EBITDA guidance provided to the market and established a creditable and sustainable high growth business model.

A cornerstone of BigAir's success is a relentless focus on its core infrastructure business delivered by a "can do" team of committed people. This team effort coupled with continued investment in both people and network infrastructure has enabled strong revenue and EBITDA growth without the corresponding increase in overhead structure. In addition, the two major acquisitions completed in April and July will also add additional revenue and EBITDA, \$2 million total annualised revenue and \$0.75 million in EBITDA, to a healthy organic growth base.

Key Financial Highlights

BigAir Group has delivered another year of outstanding growth both in the top line revenue and profit. Most of the growth in the financial year ended 30 June 2010 was driven by the organic growth particularly from successful expansion of the channel partnership program. The full year result also includes three months of revenue and profit contribution from the Wizz acquisition.

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Directors' report (cont'd)

Key highlight of the financial results are:

“On-net” Revenue



“on-net” revenue increased to \$7.5 million predominately through organic growth from the previous corresponding full year period. Overall revenue grew by 18% in the same period.

EBITDA



EBITDA grew by 50% to \$3.2 million from \$2.1 million in year ended 30 June 2009. This exceeds the market guidance of \$3 million.

Net Profit Before Tax



Net Profit Before Tax increased by 72% from \$1.3 million in the previous corresponding year to \$2.2 million.

Operating Cash Flow



Operating Cash Flow increased to \$2.9 million from \$1.7 million in the previous corresponding period.

CAGR is the Compound Annual Growth Rate, and it is the year-over-year growth rate of a part of a companies activities over a specified multiple-year period.

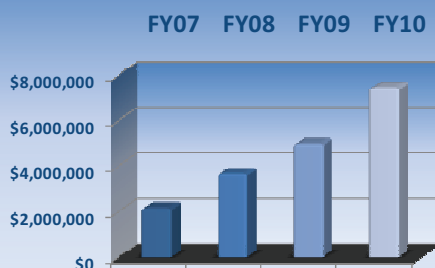
The Group continues to sell most of its new services through its wholesale channel partners and the transition to nearly 100% “on-net” revenue has resulted in just a modest growth in overhead expenses while improving the overall EBITDA margin from 33% in the previous financial year to 43% in the current financial year.

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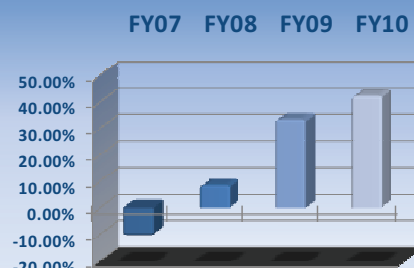
Directors' report (cont'd)

	Movement %	Year ending 30-Jun-10 \$	Year ending 30-Jun-09 \$	Movement \$
Fixed "On-net" Revenue	▲ 49%	7,457,109	4,991,010	2,466,099
Mobile "Off-net" Revenue	▼ -92%	123,977	1,473,622	(1,349,645)
Other Revenue	▼ -14%	69,821	80,728	(10,907)
Total Revenue	▲ 17%	7,650,907	6,545,360	1,105,547
Gross Profit	▲ 28%	6,039,013	4,717,964	1,321,049
Operating Expenses	▲ 10%	2,836,397	2,581,648	254,749
EBITDA	▲ 50%	3,202,616	2,136,316	1,066,300
EBITDA (as % Revenue)		42%	33%	
Net Profit Before Tax	▲ 72%	2,187,083	1,269,517	917,566
Net Profit After Tax	▲ 51%	1,531,633	1,013,658	517,975
Earnings per share	▲ 42%	1.7	1.2	0.50
Net Tangible Assets per Share (cents)	▲ 21%	7.2	5.9	1.25

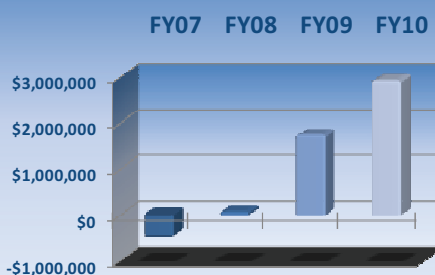
"On-net" Revenue



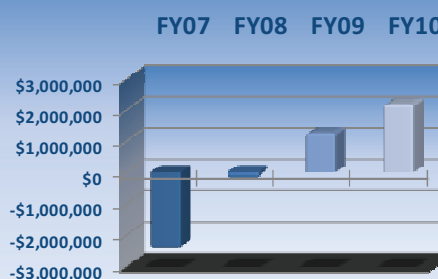
EBITDA (% Revenue)



Operating Cash Flow



NPBT



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Directors' report (cont'd)

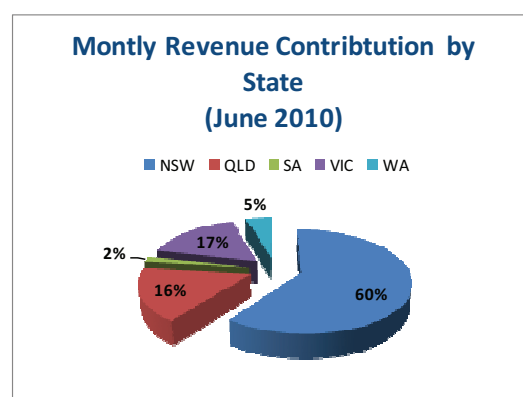
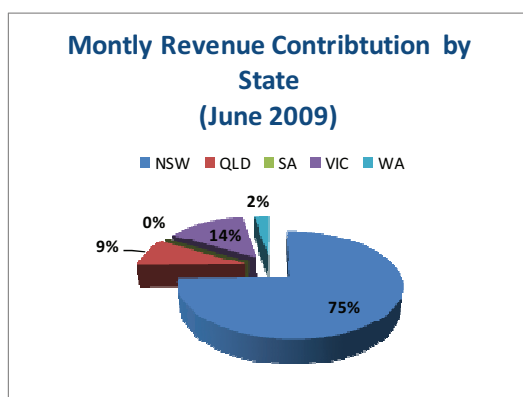
Sales and Operations

BigAir continues to expand its channel partnership program and in addition to the new wholesale channel partners acquired through the Wizz acquisition it has signed a wholesale partnership with NTT Australia Pty Ltd, a subsidiary of the international telecommunications giant NTT.

NTT has already placed its first fixed wireless service order with BigAir in Sydney and the Company expects to sign agreements with other international carriers in the coming months.

In June 2009 revenue from outside NSW accounted for just 25% of the total revenue however June 2010 the sales revenue from locations outside of NSW exceeded 40%. The revenue contribution from Queensland based services has nearly doubled from 9% to 16% of total revenue. This is a result of the successful expansion of the wholesale channel partnership program in Queensland and also a reflection of increased investment in network coverage.

In addition to the existing network coverage in Sydney, Melbourne, Brisbane, Perth, Adelaide and Gold Coast BigAir has secured customer orders to expand its network coverage to Newcastle and the Sunshine Coast in the first half of FY 2011. The total number of base stations across the BigAir network has increased to 75 as of 30 June 2010.



Acquisitions and M&A Strategies



In April 2010 BigAir announced an acquisition of Wizz Communications, a wholesale fixed wireless specialist servicing the corporate markets in Sydney, Melbourne and Brisbane.

Below is a key summary of the acquisition:

- Estimated incremental annualised revenue contribution of **\$1 million**
- EBITDA contribution expected to be **\$0.5 million**
- Acquisition of additional 6 base stations in Sydney, Melbourne and Brisbane

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Directors' report (cont'd)

- Acquired new strategic carrier channel partners
- Integration of the business completed ahead of schedule in **less than 2 months**
- Consolidating further BigAir's leadership in the fixed wireless industry
- Reasonable price paid, partly in shares, representing approximately **2.8x** the expected EBITDA contribution

The Group believes that the combination of its strong balance sheet with zero debt and continued challenging macroeconomic market conditions places BigAir in a very strong position to lead the consolidation of the fixed wireless industry. The Group has also completed an acquisition of a leading wholesale managed ISP in July 2010 with all of the consideration paid using BigAir script.

BigAir will continue to leverage its end-to-end network ownership to attract international carrier partners as well as key systems integrators looking for more flexible and cost effective last mile access solutions. BigAir's aim is to become the largest and dominant fixed wireless service provider to the wholesale and business markets in Australia through aggressive organic growth as well as opportunistic and EPS accretive acquisitions.

Through the last two strategic acquisitions the Company has also substantially increased its internal capabilities for completing timely acquisition processes including due diligence and network infrastructure and back office integration. Furthermore, with the recent increase in the share price and enhanced liquidity BigAir's shares are becoming a more attractive currency for acquisition which should enable the Company to preserve cash for continued investment in its network infrastructure.

Business Outlook and Guidance

During the period the Group continued to experience strong organic customer driven revenue growth and despite the now almost negligible "off-net" revenue contribution and the challenging macroeconomic market conditions the Company has performed well and has exceeded its revised market guidance for full year EBITDA of \$3 million for the financial year just ended.

There has been much debate and conjecture around the current government's proposed National Broadband Network plans and the potential impact on existing telecommunications carriers. The recently announced coalition's alternative communications plan and the upcoming election add further uncertainty to the regulatory framework the industry faces.

However BigAir retains a unique advantage over other service providers in that it has no legacy copper line based infrastructure or reliance on reselling other carrier's infrastructure which may either become obsolete or be acquired by the government owned monopoly service provider. A number of BigAir's current customers already enjoy connection speeds of 100Mbps and some even up to 1000Mbps.

Irrespective of the result of the upcoming election and the resulting government policy BigAir intends to continue to invest aggressively in both people and network infrastructure. During the financial year ended 30 June 2010 BigAir invested \$2.4 million in new network infrastructure which was funded entirely by the operating cash flow generated from the business.

BigAir has also recruited an experienced sales and marketing manager as well as an additional channel manager in the second half of the financial year and expects to further increase organic revenue growth going forward.

With the momentum generated in FY 2010 the Company is confident of achieving continued double digit earnings growth in the new financial year.

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Directors' report (cont'd)

Changes in state of affairs

During the financial year there was no significant change in the state of affairs of the Group.

Subsequent events

Subsequent to year end, the Group has purchased the assets and customer base of Star-Tech Communications for \$550,000. The initial payment on 1 July 2010 was \$300,000 in shares. A second payment will be made of \$50,000 in shares on 1 July 2011. Two further payments of \$100,000 over the next two years are based on the performance of the business. The property, plant and equipment purchased was \$213,694 and the customer base purchased was \$336,306.

The acquisition further consolidates the Group's position as the leading wholesale fixed wireless operator in Australia.

Future developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Dividends

In respect of the financial year ended 30 June 2010, no dividend was declared or paid. The Company has not paid a dividend in relation to the previous financial year.

Share options granted to directors and senior management

During or since the end of the financial year there were no new options were granted over unissued shares by the Company to any director or to any of the five most highly remunerated officers of the Company as part of their remuneration.

Shares under option or issued on exercise of options

No shares were issued during or since the end of financial year as a result of the exercise of an option over unissued shares.

Details of unissued shares under option issued by the Company are:

Directors and Executives	Number of shares under option	Class of shares	Exercise Price	Expiry date of options
Jason Ashton	1,920,000	Ordinary shares	40 cents	3 April 2011
Patrick Choi	1,920,000	Ordinary shares	40 cents	3 April 2011
David Keane	1,920,000	Ordinary shares	40 cents	3 April 2011

Under the terms of the option agreements, the right to exercise the options will vest when the share price reaches 40 cents and stays above that price for at least 30 days. It has been assumed that the options will vest within 5 years from the grant date, based on the assumed volatility of the share and the terms of the option agreements.

The holders of these options do not have the right, by virtue of the option, to participate in any share issue of the Company.

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Directors' report (cont'd)

Indemnification of officers and auditors

In June 2010 the Company confirmed a contract insuring the directors, the Company secretary and all executive officers of the Company against a liability incurred by a director or officer to the extent permitted by the *Corporations Act 2001*. The insurance cover is effective from 19 June 2010 for a period of 12 months.

Under the provisions of the constitution of the Company, to the extent permitted by law, each officer of the Company is indemnified by the Company against liability incurred to another person (other than the Company or a related body corporate) except where the liability arises out of conduct involving a lack of good faith. Accordingly each officer of the Company is indemnified against any liability for costs and expenses incurred by the officer in defending proceedings, whether civil or criminal, in which judgement is given in favour of the officer or in which the officer is acquitted, or in connection with an application, in relation to such proceedings in which the court grants relief to the officer under the *Corporations Act 2001*.

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

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 11 Board meetings, 3 Remuneration and Nomination Committee meeting and 2 Audit Committee meetings were held.

Director	Board meetings		Audit Committee meetings		Remuneration Committee meetings	
	Held *	Attended	Held	Attended	Held	Attended
Paul Tyler	11	11	2	1	3	3
Vivian Stewart	11	11	2	2	3	3
Nigel Jeffries	11	11	2	1	3	3
Jason Ashton	11	11	2	2	-	-
Patrick Choi	11	11	2	2	-	-

* Number of meetings eligible to attend

Directors' shareholdings

The following table sets out each director's relevant interest in shares and options over unissued shares of the Company as at the date of this report:

Director	Fully paid ordinary shares Number	Share Options Number
Jason Ashton	9,787,334	1,920,000
Nigel Jeffries	8,000,000	-
Patrick Choi	6,545,027	1,920,000
Vivian Stewart	7,461,704	-
Paul Tyler	563,500	-

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Directors' report (cont'd)

Proceedings on behalf of the Company

No person applied for leave under section 237 of the *Corporations Act 2001* to bring or intervene in proceedings on behalf of the Company.

Non-audit services

Details of the amount paid or payable to the auditor for non-audit services provided during the year by the auditor wasd \$25,000 (2009: \$nil) for tax and other services.

Auditor's independence declaration

The auditor's independence declaration is included on page 19 of the annual report.

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Directors' report (cont'd)

Remuneration report

The remuneration report, which forms part of the directors' report, sets out information about the remuneration of BigAir Group Limited's directors and its Key Management Personnel ("KMP") for the financial year ended 30 June 2010.

Remuneration policy for directors and KMP

During the year, the Board had a Remuneration and Nomination Committee that reviewed the remuneration packages of all directors, the secretary and other KMP's on an annual basis and made recommendations to the Board. The Board, excluding executive directors, has adopted the function of the Remuneration and Nomination Committee. Remuneration packages are determined with reference to market rates and are benchmarked against comparable industry salaries.

Current year remuneration was based on a number of short and long term components regarding the Group's general performance and the creation of shareholder value.

Director and KMP details

The following persons acted as directors of BigAir Group Ltd during or since the end of the financial year:

Paul Tyler (Chairman, Non-executive director)

Nigel Jeffries (Non-executive director)

Vivian Stewart (Non-executive director)

Jason Ashton (Chief Executive Officer)

Patrick Choi (Chief Operating Officer, Chief Financial Officer & Company Secretary)

The highest remunerated KMP of the Group during or since the end of the financial year are:

Jason Ashton (Chief Executive Officer)

Patrick Choi (Chief Operating Officer, Chief Financial Officer & Company Secretary)

Contracts for services of Key Management Personnel

Under the BigAir Group Ltd constitution, one-third of the non-executive directors stand for re-election at each annual general meeting.

The KMP have in place standard contracts with the Group which allow either party to give three months notice to terminate the contract of employment. There are no provisions for termination payments provided under these contracts. The non-executive directors do not have employment contracts with the Group, and there is no requirement to provide notice prior to resignation.

Remuneration of directors and Key Management Personnel

Remuneration packages contain the following key elements:

- (a) Short term employment benefits – Salary and fees;
- (b) Performance-related bonuses for key executives, based on achieving the revenue and net profit after tax targets set in the Board-approved budget;
- (c) Performance-related bonuses for all staff, based on exceeding the Board-approved budget;
- (d) Equity issued share-based payments – issued as part of the Employee Share Scheme; and
- (e) Post employment benefits – Superannuation of 9% of gross salary.

BigAir Group Limited – Consolidated Entity

Directors' report (cont'd)

The directors and KMP received the following amounts as compensation for their services as directors and KMP of the Group during the financial year:

2010 Remuneration	Short-term Employment Benefits		Equity-settled share based payments \$	Post employment benefits – Superannuation \$	Total \$
	Salary & Fees \$	Cash Performance Bonus (i) \$			
Non-executive Directors					
Paul Tyler	52,500	-	-	4,725	57,225
Vivian Stewart	22,500	-	-	2,025	24,525
Nigel Jeffries	24,525	-	-	-	24,525
Key Management Personnel					
Jason Ashton	157,827	72,950	2,000	20,770	253,547
Patrick Choi	162,827	48,271	2,000	18,999	232,097
Total	420,179	121,221	4,000	46,519	591,919

2009 Remuneration	Short-term Employment Benefits		Equity-settled share based payments \$	Post employment benefits – Superannuation \$	Total \$
	Salary & Fees \$	Cash Performance Bonus (i) \$			
Non-executive Directors					
Paul Tyler	40,528	-	-	3,648	44,176
Vivian Stewart	20,000	-	-	1,800	21,800
Nigel Jeffries	21,800	-	-	-	21,800
Danny Herceg	2,917	-	-	263	3,180
Key Management Personnel					
Jason Ashton	143,520	35,416	2,000	16,104	197,040
Patrick Choi	143,520	32,582	2,000	15,849	193,951
Total	372,285	67,998	4,000	37,664	481,947

- (i) In the current financial year, cash performance bonuses were paid to executive directors on the basis of reaching certain revenue and net profit after tax targets. They also participated in an employee profit share scheme, where twenty percent of an over-budget performance is returned to employees. In the prior year, cash performance bonuses paid to senior management were as a result of the employee having assisted the Group achieve the targeted EBITDA and had the EBITDA target not have been reached, the bonus would not have been paid.

The proportion of remuneration elements not related to performance for Mr. Ashton was 71% (2009: 82%) and for Mr. Choi was 79% (2009: 83%). Apart from the performance bonus, none of the other short term and post employment paid in the financial year was dependent on the satisfaction of a performance condition.

Relationship between the remuneration policy and Group performance

Performance related bonuses are paid to certain KMP. The performance related bonus was chosen by the board as being the most appropriate measure of assessing management performance at this time. Bonuses are calculated and paid based on the Group achieving certain revenue and net profit after tax targets. Revenue and

BigAir Group Limited – Consolidated Entity

Directors' report (cont'd)

net profit after tax were selected as the key performance targets by the board to assess the performance of KMP. During the current year the business exceeded the revenue and net profit after tax targets.

The table below sets out summary information about the consolidated entity's earnings and the movement in shareholder wealth for the five years to 30 June 2010:

	30 June 2010 \$	30 June 2009 \$	30 June 2008 \$	30 June 2007 \$	30 June 2006 \$
Revenue	7,581,086	6,464,632	8,262,432	9,103,496	6,889,858
Net profit/(loss) before tax	2,187,083	1,269,517	(2,581,216)	(2,449,152)	(1,896,017)
Net profit/(loss) after tax	1,531,633	1,013,658	(2,353,564)	(1,943,147)	(1,333,144)

	30 June 2010 cents per share	30 June 2009 cents per share	30 June 2008 cents per share	30 June 2007 cents per share	30 June 2006 cents per share
Share price at start of year	6.0	3.2	8.6	15.0	25.0
Share price at end of year	17.0	6.0	3.2	8.6	15.0
Interim dividend	-	-	-	-	-
Final dividend	-	-	-	-	-
Basic earnings per share	1.7	1.2	(2.7)	(2.3)	(2.2)
Diluted earnings per share	1.7	1.2	(2.7)	(2.3)	(2.2)

Value of options issued to directors and executives

No options were exercised during or since the end of the financial year.

Signed in accordance with a resolution of the directors made pursuant to s. 298(2) of the *Corporations Act 2001*.

On behalf of the directors



P Tyler
Chairman

Sydney
17 August 2010

Grant Thornton Audit Pty Ltd
ACN 130 913 594

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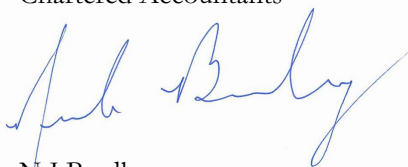
**Auditor's Independence Declaration
To the Directors of BigAir Group Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of BigAir Group Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



N J Bradley
Director - Audit & Assurance Services

Sydney, 17 August 2010

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Independent Auditor's Report To the Members of BigAir Group Limited

Report on the financial statements

We have audited the accompanying financial statements of BigAir Group Limited (the “the company”), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial statements and the directors’ declaration of the consolidated entity comprising the Company and the entities it controlled at the year’s end or from time to time during the financial year.

Directors’ responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors also state, in the notes to the financial statements, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial statements, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Electronic presentation of audited financial statements

This auditor's report relates to the financial statements of BigAir Group Limited and controlled entities for the year ended 30 June 2010 included on BigAir Group Limited's web site. The Company's directors are responsible for the integrity of BigAir Group Limited's web site. We have not been engaged to report on the integrity of BigAir Group Limited's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Independence

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

Auditor's opinion

In our opinion:

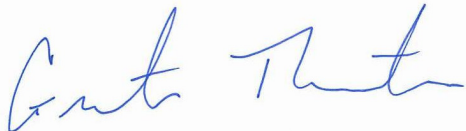
- a the financial statements of BigAir Group Limited are in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b the financial statements also comply with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

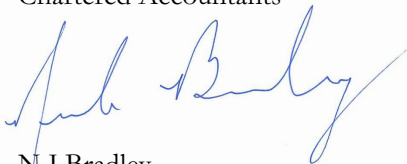
We have audited the Remuneration Report included in pages 16 to 18 of the directors' report for the year ended 30 June 2010. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the Remuneration Report of BigAir Group Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



N J Bradley
Director - Audit & Assurance

Sydney, 17 August 2010

BigAir Group Limited– Consolidated Entity

Directors' declaration

The directors of BigAir Group Ltd declare that:

1. the financial statements and notes, as set out on pages 24 to 70, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards including International Financial Reporting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2010 and the performance for the year ended on that date of the consolidated group;
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
 - a. the financial records of the Group for the financial year have been properly maintained in accordance with s286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with Accounting Standards including International Financial Reporting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion, there are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable;

This declaration is made in accordance with a resolution of the board of directors



P Tyler
Chairman

Sydney
17 August 2010

BigAir Group Limited– Consolidated Entity

Consolidated Statement of Comprehensive Income for the year ended 30 June 2010

	Note	Consolidated	
		2010 \$	2009 \$
Revenue	4	7,581,086	6,464,632
Cost of sales		(1,542,073)	(1,746,668)
Gross Profit		6,039,013	4,717,964
Other revenue	4	69,821	80,728
Employee benefits expense	5	(1,617,703)	(1,522,828)
Sales and marketing expenses		(560,997)	(327,080)
General administration expenses		(515,544)	(591,545)
Depreciation and amortisation expenses	5	(1,085,354)	(947,527)
Occupancy expenses		(142,153)	(140,195)
Profit before income tax		2,187,083	1,269,517
Income tax expense	6	(655,450)	(255,859)
Profit for the period		1,531,633	1,013,568
Other comprehensive income		-	-
Total comprehensive income for the year		1,531,633	1,013,658
Earnings per share			
- Basic (cents per share)	22	1.7	1.2
- Diluted (cents per share)	22	1.7	1.2

The above statement of comprehensive income should be read in conjunction with the notes to the financial statements set out on pages 28 to 70

BigAir Group Limited– Consolidated Entity

Statement of Financial Position as at 30 June 2010

	Note	Consolidated	
		2010 \$	2009 \$
Assets			
Current Assets			
Cash and cash equivalents	27(a)	2,102,424	2,046,375
Trade and other receivables	10	630,560	142,217
Inventories	11	1,965	2,455
Other assets	12	53,036	12,744
Total current assets		2,787,985	2,203,791
Non-current assets			
Trade and other receivables	13	41,277	34,827
Property, plant and equipment	14	4,662,148	2,522,184
Deferred tax assets	6	965,908	1,621,358
Intangible assets	15	862,863	128,733
Other financial assets	16	3,893	-
Total non-current assets		6,536,089	4,307,102
Total assets		9,324,074	6,510,893
Liabilities			
Current liabilities			
Trade and other payables	17	1,832,484	1,131,189
Income received in advance	18	31,677	38,354
Short-term provisions	19	124,471	99,243
Total current liabilities		1,988,632	1,268,786
Non-current liabilities			
Long-term provisions	19	57,986	-
Total non-current liabilities		57,986	-
Total liabilities		2,046,618	1,268,786
Net assets		7,277,456	5,242,107
Equity			
Issued capital	20	11,081,767	10,578,051
Reserves	21	161,237	161,237
Accumulated losses		(3,965,548)	(5,497,181)
Total equity		7,277,456	5,242,107

The above statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 28 to 70

BigAir Group Limited– Consolidated Entity

Statement of Changes in Equity for the year ended 30 June 2010

	Consolidated			
	Fully paid ordinary shares \$	Employee equity- settled benefits \$	Accumulated losses \$	Total \$
Balance at 01 July 2008	10,543,251	161,237	(6,510,839)	4,193,649
Total comprehensive income for the period	-	-	1,013,658	1,013,658
	-	-	1,013,658	1,013,658
Issue of shares to employees	34,800	-	-	34,800
Balance at 30 June 2009	10,578,051	161,237	(5,497,181)	5,242,107
Total comprehensive income for the period	-	-	1,531,633	1,531,633
	-	-	1,531,633	1,531,633
Issue of shares on business acquisition	466,966	-	-	466,966
Issue of shares to employees	36,750	-	-	36,750
Balance at 30 June 2010	11,081,767	161,237	(3,965,548)	7,277,456

The above statement of changes in equity should be read in conjunction with the notes to the financial statements set out on pages 28 to 70

BigAir Group Limited– Consolidated Entity

Statement of Cash Flows for the year ended 30 June 2010

	Note	Consolidated	
		2010 \$	2009 \$
Cash flows from operating activities			
Receipts from customers		7,754,417	6,907,898
Payments to suppliers and employees		(4,895,460)	(5,255,810)
Interest received		64,077	87,049
Net cash provided by operating activities	27(e)	2,923,034	1,739,137
Cash flows from investing activities			
Payments for plant and equipment		(2,418,507)	(1,147,711)
Payment for intangible assets		(444,585)	(207,296)
Investment in listed shares		(3,893)	-
Net cash used in investing activities		(2,866,985)	(1,355,007)
Net increase in cash and cash equivalents		56,049	384,130
Cash and cash equivalents at the beginning of the financial year		2,046,375	1,662,245
Cash and cash equivalents at the end of the financial year	27(a)	2,102,424	2,046,375

The above statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 28 to 70

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

1. General information

BigAir Group Limited (the Company) is a public company listed on the Australian Securities Exchange (trading under the symbol 'BGL'), incorporated and operating in Australia.

Registered office and principal place of business

Level 1
59 Buckingham Street
Surry Hills NSW 2010
Tel: (02) 9993 1300

The entity's principal activity is providing broadband wireless communications services to the business and residential market.

2. Summary of significant accounting policies

Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of BigAir Group Limited and its controlled entities comply with International Financial Reporting Standards ('IFRS').

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

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to Note 3 for a discussion of critical judgements in applying the entity's accounting policies, and key sources of estimation uncertainty.

Adoption of new and revised Accounting Standards

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

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

**Notes to the financial statements
for the year ended 30 June 2010**

2. Significant accounting policies (cont'd)

Adoption of new and revised Accounting Standards (cont'd)

AASB 3: Business Combinations

In March 2008 the Australian Accounting Standards Board revised AASB 3 and as a result, some aspects of business combination accounting have changed. The changes apply only to business combinations which occur from 1 July 2009. The following is an overview of the key changes and the impact on the financial statements of BigAir Group Ltd and its controlled entities in relation to the acquisition of the assets and customer base of Wizz Pty Ltd.

Recognition and measurement impact

Recognition of acquisition costs — the revised version of AASB 3 requires that all costs associated with a business combination be expensed in the period in which they were incurred. Previously such costs were capitalised as part of the cost of the business combination.

As such \$57,643 of costs associated with the acquisition of the assets and customer base of Wizz Pty Ltd and the broadband division of Star-Tech Communications were expensed during the current financial year.

Measurement of contingent considerations — the revised AASB 3 requires that contingent considerations associated with a business combination be included as part of the cost of the business combination. They are recognised at the fair value of the payment calculated having regard to probability of settlement. Any subsequent changes in the fair value or probability of payment are recognised in the statement of comprehensive income except to the extent where they relate to conditions or events existing at acquisition date, in which case the consideration paid is adjusted. The previous version of AASB 3 allowed such changes to be recognised as a cost of the combination impacting goodwill.

There were no contingent considerations for the Wizz Pty Ltd assets and customer base acquisition.

Measurement of non-controlling interest — for each business combination, the acquirer must measure any non-controlling interest in the acquiree either at the fair value of the non-controlling interest (the *full goodwill method*) or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Under the previous version of AASB 3 only the latter option was permitted.

There was no non-controlling interest for the Wizz Pty Ltd assets and customer base acquisition.

Recognition of contingencies — the revised AASB 3 prohibits entities from recognising contingencies associated with a business combination, unless they meet the definition of a liability.

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

2. Significant accounting policies (cont'd)

Adoption of new and revised Accounting Standards (cont'd)

Business combinations achieved in stages — the revised AASB 3 requires that where a business combination is achieved in stages, any previously held equity interest is to be remeasured to fair value and the resulting gain or loss, being the difference between fair value and historical cost, is to be recognised in the statement of comprehensive income. The previous version of AASB 3 accounted for each exchange transaction separately, using cost and fair value information at the date of each exchange to determine the amount of any goodwill associated with the acquisition. It was therefore possible to compare the cost of each individual investment with the fair value of identifiable net assets acquired at each step.

There was no fair value gain associated with the acquisition of the assets and customer base of Wizz Pty Ltd.

Disclosure impact

The revised AASB 3 contains a number of additional disclosure requirements not required by the previous version of AASB 3. The revised disclosures are designed to ensure that users of the Group's financial statements are able to understand the nature and financial impact of any business combinations on the financial statements.

AASB 8: Operating Segments

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

Measurement impact

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

The adoption of the 'management approach' to segment reporting has resulted in the identification of only one reportable segment, which is different to the prior year.

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

**Notes to the financial statements
for the year ended 30 June 2010**

2. Significant accounting policies (cont'd)

Adoption of new and revised Accounting Standards (cont'd)

Disclosure impact

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

AASB 101: Presentation of Financial Statements

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

Disclosure impact

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

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

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

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

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

New Accounting Standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards.

**Notes to the financial statements
for the year ended 30 June 2010**

2. Significant accounting policies (cont'd)

New Accounting Standards for application in future periods

A discussion of those future requirements and their impact on BigAir Group Ltd and its controlled entities follows:

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

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

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
 - a. the objective of the entity's business model for managing the financial assets; and
 - b. the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

- AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

**Notes to the financial statements
for the year ended 30 June 2010**

2. Significant accounting policies (cont'd)

New Accounting Standards for application in future periods (cont'd)

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

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

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

- AASB 2009–9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

- AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

2. Significant accounting policies (cont'd)

New Accounting Standards for application in future periods (cont'd)

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

- AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan. This Interpretation is not expected to impact the Group.

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

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

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

Significant accounting policies adopted

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

(a) Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by BigAir Group Ltd at the end of the reporting period. A controlled entity is any entity over which BigAir Group Ltd has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 24 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

**Notes to the financial statements
for the year ended 30 June 2010**

2. Significant accounting policies (cont'd)

(b) Business combinations

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

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

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

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

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

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

(c) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to insignificant risk of change in value and have a maturity of three months or less at the date of acquisition.

**Notes to the financial statements
for the year ended 30 June 2010**

2. Significant accounting policies (cont'd)

(d) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 28 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

The fair value of a hedging derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(e) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits, expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(f) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value. Subsequent to initial recognition, investments in subsidiaries are measured at cost in the separate financial statements of the parent.

**Notes to the financial statements
for the year ended 30 June 2010**

2. Significant accounting policies (cont'd)

(f) Financial assets (cont'd)

Other financial assets are classified into the following specific categories: 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are held at fair value with changes in fair value taken through the statement of comprehensive income directly to other comprehensive income.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date.

Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

**Notes to the financial statements
for the year ended 30 June 2010**

2. Significant accounting policies (cont'd)

(g) Financial instruments issued by the Group

Debt and equity instruments

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

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(h) Foreign currency

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of BigAir Group Limited and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the date of each statement of financial position, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

**Notes to the financial statements
for the year ended 30 June 2010**

2. Significant accounting policies (cont'd)

(i) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(j) Impairment of long-lived assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Notes to the financial statements
for the year ended 30 June 2010**

2. Significant accounting policies (cont'd)

(k) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the statement of financial position liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

2. Significant accounting policies (cont'd)

(k) Income tax (cont'd)

Tax consolidation

BigAir Group Ltd and all its wholly-owned Australian subsidiary are part of a tax consolidated group under Australian taxation law. BigAir Group Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Further information about the tax funding arrangement is detailed in Note 6. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(l) Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis. See Note (j) for the policy applying to the impairment of long lived assets.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Customer bases

Customers bases acquired are recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably. Such costs are amortised over the expected period of economic benefit derived from the customer acquired. Customer bases are reviewed for impairment at the end of the financial year. Any impairment charge is recorded separately.

**Notes to the financial statements
for the year ended 30 June 2010**

2. Significant accounting policies (cont'd)

(l) Intangible assets (cont'd)

Subscriber acquisition costs

Direct subscriber acquisition costs in relation to customer contracts are recognised as an asset where it is probable that the future economic benefits arising as a result of the costs incurred will flow to the Group. Subscriber acquisition costs recognised as an asset are amortised from the inception of the contract over the lesser of the period of the contract and the period during which the future economic benefits are expected to be obtained, and reviewed for impairment at the end of the financial year (see also Note 3).

Subscriber acquisition costs not recognised as an asset are expensed as incurred.

(m) Inventories

Inventories are valued at the lower of cost and net realisable value on an average cost basis. Net realisable value represents the estimated selling price less all estimated costs necessary to make the sale.

(n) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time which reflects the pattern in which economic benefits from the leased asset are consumed.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(o) Property, plant and equipment

Plant and equipment, leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Costs directly attributable to the development of the broadband infrastructure are recorded as assets. Costs include antennae, base stations, building-wide cabling and other items related to preparing the infrastructure for use.

Maintenance, repairs and minor replacements of the broadband infrastructure are charged to the statement of comprehensive income when incurred. Major replacements, improvements and upgrades to the infrastructure are capitalised and depreciated over the remaining useful life of the asset.

**Notes to the financial statements
for the year ended 30 June 2010**

2. Significant accounting policies (cont'd)

(o) Property, plant and equipment (cont'd)

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

The following estimated useful lives are used in the calculation of depreciation:

• Office furniture and fittings	4 years
• Computer and office equipment	3 years
• Broadband infrastructure	3 - 7 years
• Information technology	10 years
• Motor vehicles	5 years

During the period the Group reviewed the effective useful lives of the assets, and all categories of assets had their remaining effective useful life adjusted to reflect the economic usage of the assets. The financial impact in the accounts was \$57,015 depreciation deferred to future periods.

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, price protection, rebates and other similar allowances.

i. Supply of modems & connection of Internet services

Revenue from the sale of modems is recognised when the buyer has assumed the significant risks and rewards of ownership. Revenue from the connection of internet services is recognised at the contractual rate as labour hours are delivered and direct expenses are incurred.

2. Significant accounting policies (cont'd)

**Notes to the financial statements
for the year ended 30 June 2010**

(q) Revenue recognition (cont'd)

ii. Standard Internet usage

Standard broadband Internet usage charges are billed to subscribers on a monthly basis in advance. These charges are recorded as income received in advance on the statement of financial position until the end of the month to which they refer, at which time they are recognised as revenue.

iii. Excess internet usage

Excess broadband Internet usage and VOIP (voice over internet protocol) charges billed to subscribers are recognised as revenue over the period during which the services are provided.

iv. Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(r) Share based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

**Notes to the financial statements
for the year ended 30 June 2010**

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgments in applying the entity's accounting policies

The following are the critical judgements (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- (i) Subscriber acquisition costs;
- (ii) Useful lives of property, plant & equipment; and
- (iii) Utilisation of tax losses.
- (iv) Fair valuation of assets.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Subscriber acquisition costs

Direct subscriber acquisition costs in relation to customer contracts are recognised as an asset by the Group, as the future economic benefits arising as a result of incurring these costs are expected to flow to the Group. Subscriber acquisition costs are those costs that are directly attributable to establishing specific contracts and would not have been incurred had those contracts not been entered into.

Subscriber acquisition costs are amortised from the date of initial recognition over the period during which the future economic benefits are expected to be obtained. This period is the term of the customer contract, as customers are not expected to terminate contracts prior to the end of their contracted term. No adjustment to recorded costs or amortisation was required for the financial year.

(ii) Useful lives of property, plant & equipment

As described in note 2(o), the Group reviews the estimated useful lives of property, plant and equipment at the end of each financial year. The Group adjusted the remaining effective useful life of its assets to better reflect their actual usage and future economic benefit.

(iii) Utilisation of tax losses

The Company and its wholly-owned Australian subsidiary elected to join as members of a tax consolidated group under Australian taxation law as of 1 July 2007. Each entity in the tax consolidated group contributed tax losses to the Group. The Group will use the losses by the available fraction of each bundle of losses transferred. The Group has assessed the ability to utilise the losses against future taxable income. The Group has generated taxable income in the current financial year and the losses will be used over the next year.

(iv) Fair valuation of assets

Assets acquired are measured at fair value on the acquisition date of the total consideration transferred. The Group has purchased capital assets and intangible assets as part of their normal course of operations. The fair value measurement of property, plant and equipment and intangible assets is described in note 2 (o) and 2 (l).

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

4. Revenue

An analysis of the Group's revenue for the year from continuing operations is as follows:

	Consolidated	
	2010 \$	2009 \$
Sales revenue:		
Fixed wireless services	7,457,109	4,991,010
Mobile wireless services	123,977	1,473,622
	7,581,086	6,464,632
Other revenue:		
Interest from bank deposits	69,821	80,728
Total revenue	7,650,907	6,545,360

5. Profit for the year before tax

Profit for the year includes the following expenses:

	Note	Consolidated	
		2010 \$	2009 \$
Cost of sales	(i)	1,542,073	1,746,668
Depreciation of non-current assets	14	828,665	706,690
Amortisation of subscriber acquisition costs	15	206,004	218,973
Amortisation of customer bases	15	50,685	21,864
		1,085,354	947,527
Impairment of trade receivables (ii)	10	82,889	18,599
Loss on disposal of fixed assets	14	-	56,860
Operating lease rental expenses:			
Minimum lease payments		124,521	124,725
Employee benefit expense:			
Post employment benefits:			
Defined contribution plan		148,353	131,713
Share-based payments		36,750	34,800
Other employee benefits	(iii)	1,432,600	1,356,315
		1,617,703	1,522,828

- (i) The cost of sales includes costs attributable to the provision of services that are sold by the Group. These costs include both fixed and variable costs. Prior year Group cost of sales included a write-back of \$252,860 related to settling a debt to the supplier PBA Pty Ltd.
- (ii) Impairment of trade receivables is included in general administration expenses and is net of reversals of prior year impairment losses reversed.
- (iii) The employee benefits expense does not include the sales and marketing staff salaries of \$493,024 (2009: \$227,251) that the Group reports within the sales and marketing expense.

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

6. Income taxes

	Consolidated	
	2010	2009
	\$	\$
Tax expense comprises:		
Current tax expense in respect of the current year:	655,450	255,859
The prima facie income tax income on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit from operations	2,187,083	1,269,517
Income tax expense calculated at 30%	656,125	380,855
Non-deductible amortisation of customer base	15,205	6,559
Non-deductible impairment of customer base	-	(32,286)
Tax concession (investment allowance)	(20,131)	(84,303)
Other	4,251	(14,966)
Income tax expense/(benefit)	655,450	255,859

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

There was no income tax recognised directly in equity during the period.

Deferred tax balances

Deferred tax assets arise from the following:

Tax losses	827,619	1,519,038
Temporary differences	138,289	102,320
	965,908	1,621,358

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

6. Income taxes (cont'd)

Temporary differences arise from the following:

	Consolidated			
	Opening balance	Adjustments	Charged to income	Closing balance
2010	\$	\$	\$	\$
Tax losses – revenue	1,519,038	-	(708,603)	810,435
Provisions	40,693	-	13,846	54,539
Accruals/income in advance	55,985	-	49,333	105,318
IPO raising costs	37,691	-	(37,691)	-
Capitalised subscriber acquisition costs	(32,049)	-	27,665	(4,384)
	1,621,358	-	(655,450)	965,908

Presented in the statement of financial position as follows:

Deferred tax asset	965,908
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	Consolidated			
	Opening balance	Adjustments	Charged to income	Closing balance
2009	\$	\$	\$	\$
Tax losses – revenue	1,557,583	-	(38,545)	1,519,038
Provisions	76,271	-	(35,578)	40,693
Accruals/income in advance	179,868	-	(123,883)	55,985
IPO raising costs	131,333	-	(93,642)	37,691
Capitalised subscriber acquisition costs	(35,552)	-	3,503	(32,049)
Customer base	(32,286)	32,286	-	-
	1,877,217	32,286	(288,145)	1,621,358

Presented in the statement of financial position as follows:

Deferred tax asset	1,621,358
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The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. The entity has recorded a profit in the current period in the tax jurisdiction to which the deferred tax asset relates. Financial analysis by the Group supports the recognition of this asset. There are no unrecognised deferred tax balances as at 30 June 2010.

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

6. Income taxes (cont'd)

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group with effect from 1 July 2007 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is BigAir Group Ltd. The members of the tax consolidated group are identified at Note 24.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, BigAir Group Ltd and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

7. Key management personnel compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2010.

The total of remuneration paid to key management personnel of the Group is set out below:

	Consolidated	
	2010	2009
	\$	\$
Short term employment benefits	539,375	440,283
Post-employment benefits	48,544	37,664
Share-based payments	4,000	4,000
	<u>591,919</u>	<u>481,947</u>

Contracts for services of key management personnel

Under the Company constitution, one-third of the non-executive directors stand for re-election at each annual general meeting.

The executives have in place standard contracts with the Company which allow either party to give three months notice to terminate the contract of employment. No termination payments have been provided for under these contracts.

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

8. Share-based payments

The Group has two ownership-based remuneration schemes for directors and employees and has also issued options to advisors. The following sets out the rules for the employees and director and executives schemes, and summarises options issued to advisors. On 21 December 2009, there were 356,796 (5 December 2008: 829,377) shares issued to employees under the Employee Share Plan. These shares have a trading lock of three years and are not listed on the Australian Securities Exchange until the trading lock is removed. See Note 20 for details.

a) Employees' Option Scheme

The Employees' Option Scheme entitles the directors to offer employees of the Group options to subscribe for shares in the Company at an exercise price being not less than the higher of the amount prescribed in the Listing Rules or the volume weighted average price of the shares in the Company trading on the ASX over the five trading days immediately prior to the date of offer.

Options are offered to employees at the discretion of the board of directors from time to time following recommendations from the remuneration and nomination committee made on the basis of employee performance.

The number of shares over which the options relate must not exceed 5% of the then total number of issued shares of the Company. The offer of options may be accepted by the employee or an associate of the employee being a close relative or a Company controlled by the employee. Under the Employees' Option Scheme, there are various limits on the exercise of the options if the employee ceases to be an employee of the Company or a member of the Group, dies, becomes totally and permanently disabled, retires, ceases to be an eligible person, fails to comply in a material respect with the terms and conditions of the Employees' Option Scheme or becomes an insolvent under administration. Subject to these qualifications, options may be exercised at any time from the date of their vesting to the date of their expiry.

The options carry no rights to dividends and no voting rights. The Employees' Option Scheme may be amended by the Company in a general meeting.

No share options have been issued to any employees under the employee option plan during the current or previous financial years. There are no outstanding share options to employees as at the end of the financial year.

b) Director and Executives Option Scheme & options issued to advisors

The following share-based payment arrangements were in existence during the period:

Option Series	Number	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date
Series 3	5,760,000	3 April 2006	3 April 2011	40 cents	\$543,092

c) Director and Executives Option Scheme

The board may, at its discretion and in accordance with the Company's constitution, the *Corporations Act 2001* and the ASX Listing Rules and subject to shareholder approval, issue options to directors and executives to subscribe for shares on terms and conditions as determined by the board from time to time, based upon performance.

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

8. Share-based payments (cont'd)

Directors and executives have been issued options to subscribe for ordinary shares in the capital of the Company. Those options have certain conditions including staged vesting rights and continued involvement of directors and executives with the Company for specified periods of time.

The options carry no rights to dividends and no voting rights.

Director and executives options	2010 No.	2009 No.
Balance at beginning of the financial year	5,760,000	7,920,000
Cancelled or expired during the financial year	-	(2,160,000)
Balance at end of the financial year	5,760,000	5,760,000

All current options granted to key management personnel have market conditions criteria which must be met before vesting. All options will vest if the share price of BigAir is at or above 40 cents for 30 consecutive trading days.

Options Valuation Model – Key Assumptions

- (i) options are granted for no consideration;
- (ii) expected price volatility of the Company is estimated by using other comparable companies listed on ASX which ranges from 30% to 70%;
- (iii) expected dividend yield: 0%;
- (iv) risk-free interest rate is based on relevant indicative yield applicable to Commonwealth Treasury fixed coupon bond of the similar maturing dates; and
- (v) other details of the inputs are show in the table below.

Inputs into the model	Directors and Executives
Grant date share price	\$0.25
Exercise price	\$0.40
Volatility	40%
Option life from grant date	5 years
Dividend yield	0
Risk-free interest rate	5.6%

d) Options issued to advisors

The Company had issued options as consideration for services provided in connection with the Initial Public Offering of the Company. These options expired during the prior year.

Options issued to advisors	2010 No.	2009 No.
Balance at beginning of the financial year	-	1,170,000
Expired during the financial year	-	(1,170,000)
Balance at end of the financial year	-	-

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

9. Remuneration of the auditor

	Consolidated	
	2010 \$	2009 \$
Auditor of the parent entity:		
Audit of the financial report	58,000	67,000
Review of half-year financial report	20,000	24,300
Tax and other services	25,000	-
	<u>103,000</u>	<u>91,300</u>

The auditor of BigAir Group Limited is Grant Thornton Audit Pty Ltd. The auditor in the prior year was Deloitte Touche Tohmatsu.

10. Trade and other receivables

	Consolidated	
	2010 \$	2009 \$
Trade receivables (i)	690,571	170,083
Allowance for doubtful debts	(74,955)	(36,401)
	<u>615,616</u>	<u>133,682</u>
Sundry debtors	14,944	8,535
	<u>630,560</u>	<u>142,217</u>

- (i) The average credit period for corporate clients on rendering of services is 18 days (2009: 10 days). No interest is charged on outstanding amounts. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience.

Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods and rendering of services, determined by reference to past default experience. Before accepting new corporate customers, a Veda report, ASIC search and two reference checks are performed.

The following customers each represent more than 5 % of the total balance of trade receivables:

	Consolidated	
	2010 \$	2009 \$
Unistar Pty Ltd	136,364	-
OPENetworks Pty Ltd	80,000	-
Vanco Australasia Pty Ltd	64,637	-
Access Wire & Cable Pty Ltd	51,789	-
Viocorp International Pty Ltd	50,137	-
Pacnet internet (A) Pty Ltd	33,716	-
Westpac Banking Corporation	-	21,945
	<u>416,643</u>	<u>21,945</u>

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

10. Trade and other receivables (cont'd)

Included in the Group's trade receivable balance are debtors with a carrying amount of \$2,569 (2009: \$3,302) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 109 days (2009: 263 days).

Ageing of past due but not impaired

	Consolidated	
	2010 \$	2009 \$
60 - 90 days	313	1,579
90 + days	2,257	1,723
	2,570	3,302

Movement in the allowance for doubtful debts

	Consolidated	
	2010 \$	2009 \$
Balance at the beginning of the year	(36,401)	(182,083)
Impairment losses recognised on receivables (i)	(93,820)	(147,500)
Amounts written off as uncollectable	44,727	169,979
Amounts recovered during the year	(392)	(5,698)
Impairment losses reversed (i)	10,931	128,901
Balance at the end of the year	(74,955)	(36,401)

(i) Net amount of trade receivables impaired for 2010 is \$82,899 (2009:\$18,599).

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of \$nil (2009: \$5,982) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

10. Trade and other receivables (cont'd)

Ageing of impaired trade receivables

	Consolidated	
	2010 \$	2009 \$
Current	1,659	2,824
30-60 days	25,284	7,996
60- 90 days	15,200	16,320
Over 90 days	32,812	9,261
	<u>74,955</u>	<u>36,401</u>

11. Inventories

Finished goods	<u>1,965</u>	<u>2,455</u>
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All inventories are expected to be recovered within twelve months.

12. Other assets

Prepayments	<u>53,036</u>	<u>12,744</u>
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13. Non-current trade and other receivables

Rental deposits	<u>41,277</u>	<u>34,827</u>
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BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

14. Property, plant and equipment

	Broadband infrastructure at cost \$	Consolidated Office furniture and fittings, leasehold fittings and equipment at cost \$	Total \$
Gross carrying amount			
Balance at 30 June 2008	3,292,029	313,907	3,605,936
Additions	1,400,840	64,643	1,465,483
Disposals	(156,196)	(5)	(156,201)
Balance at 30 June 2009	4,536,673	378,545	4,915,218
Additions	2,925,053	43,580	2,968,633
Cost at 30 June 2010	7,461,726	422,125	7,883,851
Accumulated depreciation			
Balance at 30 June 2008	(1,609,580)	(176,109)	(1,785,689)
Depreciation expense	(668,166)	(38,524)	(706,690)
Disposals	88,969	10,372	99,341
Balance at 30 June 2009	(2,188,777)	(204,261)	(2,393,038)
Depreciation expense	(784,320)	(44,345)	(828,665)
Balance at 30 June 2010	(2,973,097)	(248,606)	(3,221,703)
Net book value			
As at 30 June 2009	2,347,896	174,284	2,522,180
As at 30 June 2010	4,488,629	173,519	4,662,148

During the period, the Group carried out a review of the recoverable amount of its plant and equipment. There was no evidence of impairment loss arising from this review. There was no depreciation during the period that was capitalised as part of the cost of other assets.

On 1 April 2010 the Group acquired assets with the fair value of \$849,365 as part of the business acquisition of Wizz Pty Ltd. This transaction is detailed in Note 29.

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

15. Other intangible assets

	Consolidated		
	Subscriber acquisition costs	Customer bases	Total
	\$	\$	\$
Gross carrying amount			
Balance at 30 June 2008	475,000	1,493,314	1,968,314
Additions from internal capitalisation	207,296	-	207,296
Balance at 30 June 2009	682,296	1,493,314	2,175,610
Additions	-	692,601	692,601
Additions from internal capitalisation	298,218	-	298,218
Balance at 30 June 2010	980,514	2,185,915	3,166,429
Accumulated amortisation			
Balance at 30 June 2008	(356,493)	(1,449,547)	(1,806,040)
Amortisation expense for the year	(218,973)	(21,864)	(240,837)
Balance at 30 June 2009	(575,466)	(1,471,411)	(2,046,877)
Amortisation expense for the year	(206,004)	(50,685)	(256,689)
Balance at 30 June 2010	(781,470)	(1,522,096)	(2,303,566)
Net book value			
As at 30 June 2009	106,830	21,903	128,733
As at 30 June 2010	199,044	663,819	862,863

(i) The following useful lives are used in the calculation of amortisation:

- Subscriber acquisition costs 1-3 years
- Customer bases 5 years

Significant intangible assets

Customer bases

There are two distinguishable intangible assets in the form of customer bases identified and accounted for. WHome customer base was acquired by the Group from Skynet Global on 30 June 2006. The Wizz customer base was acquired from Wizz Pty Ltd on 1 April 2010. Both of the customer bases will be fully amortised on a straight line method in a manner that allocates the cost of acquisition over the expected benefit period. Refer to Note 29 for details of Wizz Pty Ltd acquisition.

Subscriber acquisition costs

Subscriber acquisition costs in relation to customer contracts are recognised as an asset where it is probable that the future economic benefits arising as a result of the costs incurred will flow to the Group. Subscriber acquisition costs are amortised over the lesser of the period of the contract (1-3 years) and the period during which the future economic benefits are expected to be obtained. Customers are not expected to terminate contracts prior to the end of their contracted term.

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

15. Other intangible assets (cont'd)

Key assumptions

The key assumptions used to assess amortisation rates are as follows:

Customer bases

- each customer base has been assessed as an individual intangible asset;
- the customers will churn over the next five years;
- each customer has been allocated a life cycle;
- the actual customer base is reviewed each reporting period against the original amortisation model and churned customers are removed from the amortisation model; and
- the expected life of a customer is reviewed annually and if required the amortisation rate is amended.

16. Other financial assets

	Consolidated	
	2010	2009
	\$	\$
Investments carried at cost		
<u>Non-current</u>		
Other investments	3,893	-

17. Trade and other payables

	Consolidated	
	2010	2009
	\$	\$
Trade payables (i)	639,547	581,222
Sundry creditors	133,568	101,144
Accruals	327,378	370,399
Goods and services tax (GST) payable	106,991	78,424
Amount due on business purchase (ii)	625,000	-
	1,832,484	1,131,189

- (i) The average credit period on suppliers is 51 days (2009: 83 days). No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within a reasonable timeframe or where there are disputes within the timeframe agreed by the disputing parties.
- (ii) The amount above represents the deferred cash payment of \$300,000 and deferred shares of \$325,000 due to the Wizz acquisition.

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

18. Income received in advance

	Consolidated	
	2010 \$	2009 \$
Income received in advance from customers	31,677	38,354

19. Provisions

<u>Current</u>		
Employee benefits (i)	124,471	99,243
<u>Non-Current</u>		
Employee benefits	57,986	-
	182,457	99,243

(i) The Group expects all accrued annual leave entitlements to be taken within the next 12 months.

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of the long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criterion relating to employee benefits has been included in Note 2 of this report.

20. Issued capital

	Consolidated			
	2010		2009	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at beginning of financial year	87,114,091	10,578,051	86,284,714	10,543,251
Issue of shares for business acquisition	2,223,651	466,966	-	-
Issue of shares to employees	356,796	36,750	829,377	34,800
Balance at end of financial year	89,694,538	11,081,767	87,114,091	10,578,051

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

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Share options granted under the Director and Executives Option Scheme are contained in Note 8.

Shares were issued to employees under the Employee Share Plan. Share issue amounts were based on a combination of seniority within the Group and duration of employment with the Group. See Note 8 for details. Shares were also issued as part of the acquisition of the assets and customer base of Wizz Pty Ltd. See Note 29 for details.

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

21. Reserves

	Consolidated	
	2010 \$	2009 \$
Employee equity-settled benefits	161,237	161,237

There was no movement in the reserve during the current or previous financial years.

Further information about share-based payments to employees is made in Note 8 to the financial statements.

Share options

During the financial year, no share options over ordinary shares were issued to senior management personnel. During the year no share options expired (2009: 3,330,000 share options expired).

22. Earnings per share

	Consolidated	
	2010 Cents per share	2009 Cents per share
Basic profit per share from continuing operations	1.7	1.2
Diluted profit per share from continuing operations	1.7	1.2

Basic and diluted loss per share

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

	Consolidated	
	2010 \$	2009 \$
Profit for the period attributable to ordinary equity holders of the parent entity	1,531,633	1,013,658

	Consolidated	
	2010 No.	2009 No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share.	87,847,140	86,699,403

The incremental shares from the assumed exercise of share options are not included in calculating diluted earnings per share as their conversion is anti dilutive.

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

23. Leases

Leasing arrangements

The Group has commitments in respect of two non-cancellable leases.

The Group has a non-cancellable lease over premises located in Sydney. This lease expires on 14 June 2014. The Group does not have an option to purchase the premises at the end of the lease. The Group also has a non-cancellable lease over a photocopier. This lease expires on 30 June 2015. The Group does not have an option to purchase the photocopier at the end of this period.

Non-cancellable operating lease commitments

	Consolidated	
	2010 \$	2009 \$
Not longer than 1 year	165,345	146,952
Longer than 1 year and not longer than 5 years	538,324	-
	703,669	146,952

No liabilities have been recognised in relation to these operating leases.

24. Subsidiaries

	Country of incorporation	Ownership interest	
		2010 %	2009 %
Parent entity			
BigAir Group Limited	Australia	n/a	n/a
Subsidiary			
Veritel Australia Pty Limited	Australia	100	100

- (i) The Company and its wholly-owned Australian entity are members of a tax consolidated group.
- (ii) The subsidiary has a financial year-end date of 30 June.

**Notes to the financial statements
for the year ended 30 June 2010**

25. Business and geographical segments

Information on business segments

The Group 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 offering. The Groups operation has one main risk profile 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 manufacturing process;
- the type or class of customer for the product or service;
- the distribution method; and
- any external regulatory requirements.

Applying the above criteria, the Group only has one operating division, the fixed wireless division. The principal product and service of this division is the sale of fixed wireless broadband services to corporate and residential markets utilising its own infrastructure and channel partners.

The Group operates in one geographical area being in Australia.

The Group did not undertake any new operations and it did not discontinue any of its existing operations during the year.

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

26. Related party transactions

(a) Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 24 to the financial statements.

(b) Key management personnel equity holdings

Fully paid ordinary shares of BigAir Group Limited

	Balance at 1 July	Granted as remunera- tion	Received on exercise of options	Ordinary shares acquired	Net other change	Balance at 30 June
	No.	No.	No.	No.	No.	No.
2010						
Paul Tyler	303,500	-	-	260,000	-	563,500
Nigel Jeffries	8,000,000	-	-	-	-	8,000,000
Vivian Stewart	7,361,704	-	-	100,000	-	7,461,704
Jason Ashton	9,767,917	19,417	-	-	-	9,787,334
Patrick Choi	6,525,610	19,417	-	-	-	6,545,027
	31,958,731	38,834	-	360,000	-	32,357,565
2009						
Paul Tyler	-	-	-	303,500	-	303,500
Nigel Jeffries	8,000,000	-	-	-	-	8,000,000
Vivian Stewart	7,361,704	-	-	-	-	7,361,704
Jason Ashton	9,579,718	43,199	-	145,000	-	9,767,917
Patrick Choi	6,482,411	43,199	-	-	-	6,525,610
	31,423,833	86,398	-	448,500	-	31,958,731

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

26. Related party transactions (cont'd)

(c) Executive share options of BigAir Group Limited

	Balance at 1 July	Received as remun- eration	Exercised of options	Net other change	Balance at 30 June	Balance vested at 30 June	Vested but not exercis- able	Vested and exercise- able	Options vested during year
	No.	No.	No.	No.	No.	No.	No.	No.	No.
2010									
Jason Ashton	1,920,000	-	-	-	1,920,000	-	-	-	-
Patrick Choi	1,920,000	-	-	-	1,920,000	-	-	-	-
David Keane	1,920,000	-	-	-	1,920,000	-	-	-	-
	<u>5,760,000</u>	-	-	-	<u>5,760,000</u>	-	-	-	-
2009									
Anthony Tobin	720,000	-	-	(720,000)	-	-	-	-	-
Shane Allan	720,000	-	-	(720,000)	-	-	-	-	-
Anne Lenagan	720,000	-	-	(720,000)	-	-	-	-	-
Jason Ashton	1,920,000	-	-	-	1,920,000	-	-	-	-
Patrick Choi	1,920,000	-	-	-	1,920,000	-	-	-	-
David Keane	1,920,000	-	-	-	1,920,000	-	-	-	-
	<u>7,920,000</u>	-	-	(2,160,000)	<u>5,760,000</u>	-	-	-	-

During the financial year, no options were exercised by key management personnel. Further details of the executive share option plan and of share options in operation during the financial year are contained in Note 8 to the financial statements.

(d) Transactions with other related parties

Transactions between BigAir Group Limited and its related parties

During the financial year, there were no transactions between the Group and its related parties.

Transactions and balances between the Company and its subsidiaries were eliminated in the preparation of consolidated financial statements of the Group.

27. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated	
	2010	2009
	\$	\$
Cash and cash equivalents	<u>2,102,424</u>	<u>2,046,375</u>

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

27. Notes to the cash flow statement (cont'd)

(b) Non-cash financing and investing activities

The Group issued \$466,967 in shares as part of the Wizz acquisition on 1 April 2010. See Note 29 for details. Apart from this transaction, the Group did not have any non-cash financing and investing activities during the year.

(c) Financing Facilities

During the current financial year, the Group did not have any used or unused loan facilities.

(d) Cash balances not available for use

During the current financial year, there were no significant cash and cash equivalent balances that were not available for use.

(e) Reconciliation of loss for the period to net cash flows from operating activities

	Consolidated	
	2010	2009
	\$	\$
Profit for the year	1,531,633	1,013,658
Depreciation of non-current assets	828,665	706,690
Amortisation of non-current assets	256,689	240,837
Equity settled share-based payment	36,750	34,800
Decrease in deferred tax balances	655,450	255,859
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
Decrease/(increase) in assets:		
Current receivables and rental deposits	(494,794)	138,147
Current inventories	490	4,807
Other current assets	(40,492)	107,235
(Decrease)/increase in liabilities:		
Trade and other payables	76,295	(431,354)
Other current liabilities	72,348	(331,542)
Cash flows provided by operations	2,923,034	1,739,137

28. Financial instruments

(a) Capital risk management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable.

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

28. Financial instruments (cont'd)

(b) Categories of financial instruments

The total for each category of financial instrument, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated	
	2010	2009
	\$	\$
Financial assets		
Trade and other receivables	705,515	178,618
Cash and cash equivalents	2,102,424	2,046,375
	<u>2,807,939</u>	<u>2,224,993</u>
Financial liabilities		
Trade and other payables	<u>1,832,484</u>	<u>1,131,189</u>

As at the end of the financial year, the Group also has a bank guarantee with NAB of \$24,716, which is included in the cash and cash equivalents balance. Trade receivables and payables are not interest bearing.

(c) Financial risk management objectives

The Groups finance function monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risks.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(d) Market risk

The Group's activities do not expose it to market financial risks. Except as noted above in relation to hedges entered into during the period there has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(e) Foreign currency risk management

The Group's suppliers undertake certain transactions denominated in foreign currencies, and the Group entered into forward foreign exchange rate contracts in relation to these transactions. The effect of these contracts was offset against the amount invoiced by the supplier, creating a foreign currency gain of \$19,656 (2009:\$nil) for the period. There was one hedge outstanding as at the end of the financial year.

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

28. Financial instruments (cont'd)

Sensitivity Analysis

	Consolidated	
	Profit \$	Equity \$
+/- 5% in A\$/USD	223	223

(f) Interest rate risk management

The Group is exposed to interest rate risk on cash holdings. The risk is managed by the Group by ensuring that cash holdings must be invested in one of Australia's large 4 banks, that no bank holds more than one million dollars on deposit, and that any borrowings are obtained at fixed interest rates.

The following tables detail the Group's exposure to interest rate risk:

	Weighted average effective interest rate %	Maturity dates			Non- interest bearing \$	Total \$
		Less than 1 year \$	1-5 years \$	More than 5 years \$		
2010						

Financial assets:

Cash and cash equivalents	3.4%	2,102,424	-	-	-	2,102,424
Trade and other receivables	-	-	-	-	705,515	705,515
		2,102,424	-	-	705,515	2,807,939

Financial liabilities:

Trade and other payables	-	-	-	-	1,832,484	1,832,484
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	Weighted average effective interest rate %	Maturity dates			Non interest bearing \$	Total \$
		Less than 1 year \$	1-5 years \$	More than 5 years \$		
2009						

Financial assets:

Cash and cash equivalents	2.6%	2,046,375	-	-	-	2,046,375
Trade and other receivables	-	-	-	-	178,618	178,618
		2,046,375	-	-	178,618	2,224,993

Financial liabilities:

Trade and other payables	-	-	-	-	1,131,189	1,131,189
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BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

28. Financial instruments (cont'd)

Sensitivity Analysis

	Consolidated	
	Profit \$	Equity \$
+/- 2% in interest rates	41,071	41,071

(g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Weekly debtors meetings are held where the ageing of material debtors is reviewed and action agreed and taken if required.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

(h) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

	Maturity dates			Total \$
	Less than 1 year \$	1-5 years \$	More than 5 years \$	
2010				

Financial assets:

Cash and cash equivalents	2,102,424	-	-	2,102,424
Trade and other receivables	705,515	-	-	705,515
	2,807,939	-	-	2,807,939

Financial liabilities:

Trade and other payables	1,832,484	-	-	1,832,484
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	Maturity dates			Total \$
	Less than 1 year \$	1-5 years \$	More than 5 years \$	
2009				

Financial assets:

Cash and cash equivalents	2,046,375	-	-	2,046,375
Trade and other receivables	178,618	-	-	178,618
	2,224,993	-	-	2,224,993

Financial liabilities:

Trade and other payables	1,131,189	-	-	1,131,189
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BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

28. Financial instruments (cont'd)

(i) Fair value of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values. The fair values and net fair values of financial assets and financial liabilities are determined with reference to the standard terms and conditions.

29. Acquisition of a business

On 1 April 2010 the Group entered into a binding agreement to acquire the assets and customer base of Wizz Pty Ltd. Wizz Pty Ltd was a wholesale fixed wireless broadband specialist servicing the corporate markets of Sydney, Melbourne and Brisbane. The acquisition occurred on 1 April 2010 for a consideration of \$1,557,536 which is payable in cash and shares.

The initial payment on 1 April 2010 was \$450,000 in cash and \$466,967 in shares (2,223,691 shares). The second payment was paid on 16 July 2010 and was \$340,569 in shares (1,946,108 shares). The final cash amount of \$300,000 is to be made in six equal payments from July to December 2010.

The acquisition further consolidates the Group's position as the leading wholesale fixed wireless operator in Australia.

	Consolidated	
	Acquiree's carrying amount	Fair Value
	\$	\$
Purchase consideration		
Cash		750,000
Equity issued		807,536
		1,557,536
Less:		
Property, plant and equipment	849,365	849,365
Customer base	-	708,171
	849,365	1,557,536
Goodwill		-

Revenue generated from the assets and customer base of Wizz Pty Ltd included in the consolidated revenue of the Group since acquisition date on 1 April 2010 amounted to \$224,011. Profit generated from the assets and customer base of Wizz Pty Ltd included in the consolidated profit of the Group since acquisition date amounted to \$72,689.

It is not practical to determine the consolidated revenue and profit contribution had the results of the assets and customer base of Wizz Pty Ltd been consolidated from 01 July 2009.

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

30. Subsequent events

On 1 July 2010 the Group entered into a binding agreement to acquire the assets and customer base of Star-Tech Communications. Star-Tech Communications is the wholesale managed ISP division of Unistar Enterprises Pty Ltd. The acquisition occurred on 1 July 2010 for a consideration of \$550,000 which is payable in shares.

The initial payment on 1 July 2010 was \$300,000 in shares. A second payment will be made of \$50,000 in shares on 1 July 2011. Two further payments of \$100,000 over the next two years are based on the performance of the business.

The acquisition further consolidates the Group's position as the leading wholesale fixed wireless operator in Australia.

	Consolidated	
	Acquiree's carrying amount \$	Fair Value \$
Purchase consideration		
Equity issued		550,000
Less:		
Property, plant and equipment	213,694	213,694
Customer base	-	336,306
Identifiable assets and liabilities assumed	213,694	550,000
Goodwill		-

The initial accounting for this business combination is only provisionally complete as the acquisition only occurred on 1 July 2010.

Other than as mentioned in the notes to the financial statements and above, there has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

31. Commitments for expenditure

(a) Capital expenditure commitments

	Consolidated	
	2010 \$	2009 \$
Broadband infrastructure		
Less than one year	129,220	500,171

(a) Lease commitments

Non-cancellable operating lease commitments are disclosed in Note 23 to the financial statements.

BigAir Group Limited– Consolidated Entity

Notes to the financial statements for the year ended 30 June 2010

32. Contingent liabilities and contingent assets

An Executive Share Ownership Plan has been prepared by management and reviewed by the Board for proposal to the shareholders at the AGM in November 2010. This plan is a performance based plan dependant on the movement in share price from January to December 2010. The contingent amount relating to the current financial year is \$50,000.

The business has no other contingent liabilities or assets as at the end of the financial year.

33. BigAir Group Ltd parent company information

	Parent Entity	
	2010 \$	2009 \$
Assets		
Current assets	2,729,539	2,133,030
Non-current assets	6,567,343	4,284,272
Total assets	9,296,882	6,417,302
Liabilities		
Current liabilities	1,961,440	1,231,651
Non-current liabilities	57,986	-
Total liabilities	2,019,426	1,231,651
Equity		
Issued capital	11,081,767	10,578,051
Reserves	161,237	161,237
Accumulated losses	(3,965,548)	(5,553,637)
Total equity	7,277,456	5,185,651
Financial Performance		
Profit for the year	1,588,089	1,772,489
Other comprehensive income	-	-
Total comprehensive income	1,588,089	1,772,489

BigAir Group Ltd also has a contingent liability, details of which are disclosed in Note 32, above.

BigAir Group Limited– Consolidated Entity

Additional Securities Exchange information as at 30 June 2010

Number of holders of equity securities

Ordinary share capital

- 88,508,365 fully paid ordinary shares are held by 508 individual shareholders.

All issued ordinary shares carry one vote per share.

Options

- 5,760,000 options are held by 3 individual option holders.

Options do not carry a right to vote.

Restricted securities and securities subject to voluntary escrow

There are 1,186,173 shares issued to employees not included in the ordinary share capital above, as they are under a trading lock and not listed on the Australian Securities Exchange.

On-market buy-back

The Company has no on-market buy-back.

Distribution of holders of equity securities

Security Classes

Holdings Ranges	Holders	Total Units	%
1-1,000	7	978	0.001
1,001-5,000	23	88,416	0.100
5,001-10,000	184	1,526,800	1.725
10,001-100,000	210	8,895,804	10.051
100,001-99,999,999,999	84	77,996,367	88.123
Totals	508	88,508,365	100.000

Substantial shareholders

Ordinary shareholders	Fully Paid	
	Number	Percentage
JMAS PTY LTD	9,579,718	10.690
UBS NOMINEES PTY LTD <TP00014 15 A/C>	8,000,000	8.927
VORPAL PTY LIMITED	7,361,704	8.215
MR PATRICK CHOI	6,482,411	7.233
CULLINGRAL PTY LIMITED <WALLACE M ASHTON S/F A/C>	4,568,982	5.098

BigAir Group Limited– Consolidated Entity

Additional stock exchange information as at 30 June 2010 (cont'd)

Twenty largest holders of quoted equity securities

Ordinary shareholders	Fully Paid	
	Number	Percentage
JMAS PTY LTD	9,579,718	10.690
UBS NOMINEES PTY LTD <TP00014 15 A/C>	8,000,000	8.927
VORPAL PTY LIMITED	7,361,704	8.215
MR PATRICK CHOI	6,482,411	7.233
CULLINGRAL PTY LIMITED <WALLACE M ASHTON S/F A/C>	4,568,982	5.098
SYMMALL PTY LTD <MASTERMAN SUPER FUND A/C>	3,000,000	3.348
MICROEQUITIES ASSET MANAGEMENT PTY LIMITED <MICROEQUITIES NANOCAP A/C>	2,748,396	3.067
MR DAVID KEANE	2,178,787	2.431
MR ROBERT GILLAN	2,076,346	2.317
MR KARL VIZVARY	1,800,000	2.009
ROCKEND PTY LTD <BALLS HEAD PENSION FUND A/C>	1,661,933	1.854
MR IVAN TANNER & MRS FELICITY TANNER <THE SUPERNATURAL S/F A/C>	1,565,295	1.747
MOAT INVESTMENTS PTY LTD <MOAT INVESTMENT A/C>	1,490,000	1.663
MRS LAI SUN KEANE	1,102,904	1.231
A & A 2005 PTY LTD <MACLAREN FAMILY A/C>	1,101,379	1.229
MR WILLIAM FORSYTH	1,071,460	1.196
DR JONATHON EDWARD RANKIN	900,000	1.004
CARFORE PTY LIMITED	871,604	0.973
OLD FLETCHER & PARTNERS PTY LTD <FLETCHER SUPER FUND A/C>	800,000	0.893
SHELLAC LTD	793,674	0.886
	59,154,593	66.008

Company Secretary

Patrick Choi

Registered office and principle administration office

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Tel: (02) 9993 1300

Share registry

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