Preliminary Final Report of BigAir Group Limited for the Financial Year Ended 30 June 2009

(ABN 57 098 572 626)

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.

Current Reporting Period:	Financial Year ending 30 June 2009
Previous Corresponding Period:	Financial Year ending 30 June 2008

Source Reference: *ASX Appendix 4E.1, ASX Listing Rules 4.3C.1*

BigAir Group Limited

Results for announcement to the market

Name of entity: BigAir Group Limited

1. *Details of the reporting period*

Current Period: 1 July 2008 – 30 June 2009

Previous Corresponding Period: 1 July 2007 – 30 June 2008

2. *Results for announcement to the market*

			Percentage Change %		Amount $
2.1	Revenue	Down	22	to	6,464,632
2.2	Net profit attributable to members	Up	143	to	1,013,658

		Amount per security	Franked amount per security
2.3	Dividends (Distributions)		
	Interim dividend	Nil	Nil
	Final dividend	Nil	Nil

2.4 Record date for determining entitlements to the dividend:

- Interim dividend N/a
- Final dividend N/a

Brief explanation of Revenue, Net Profit and Dividends (Distributions):

The revenues for the period have decreased during the current year due to a decrease in the revenue from the mobile wireless division. See also the Review of Operations in the attached Directors' Report.

3. *Statement of financial performance with notes*

Refer attached financial statements.

4. *Statement of financial position with notes*

Refer attached financial statements

5. *Statement of cash flows with notes*

Results for announcement to the market

Refer attached financial statements

6. Details of dividends / distributions

No dividends have been paid during the period and the directors do not recommend that a dividend be paid.

7. Details of dividends / distribution reinvestment plan

The company does not have a dividend reinvestment plan.

8. Statement of retained earnings showing movements

Refer attached financial statements.

9. Net tangible assets per security

	Current Period	Previous corresponding period
Net asset backing per share	6.2 cents	4.9 cents
Net tangible asset backing per share (i)	5.9 cents	4.7 cents

(i) Excludes intangible assets

10. Control gained or lost over entities during the period

There were no changes in the structure of the Group during the period.

11. Details of associated and joint

The Group does not have any interests in associates or joint ventures.

12. Other significant information

Refer attached financial statements (Directors notes).

13. Accounting standards used by foreign entities

Not applicable.

14. Commentary on results

		Current Period	Previous corresponding period
14.1	Earnings per share	1.2 cents	(2.3) cents
14.2	Return to shareholders - dividends	Nil	Nil

14.3 ***Significant features of operating performance***

Refer the attached financial statements (Directors' report)

14.4 ***Segment results***

The principal activity of the company during the year was the provision of wireless broadband services to business. Refer the attached financial statements.

14.5 ***Trends in performance***

The company continues to grow its “on-net” sales and its customers as a result of its expansion of its network and the increase in the range of products demanded by business.

14.6 ***Other factors***

Other factors which have affected the results in the period or which may affect the results in the future.

Assets

- The company has cash reserves of $2.05 million.

Equity

- The company has an equity base exceeding $5.2 million.

Cash flow from operating activities

- Cash receipts from the customers declined to $6,907,898 for the year (2008: $9,558,022)
- Net cash flows from operating activities increased to $1,793,137 (2008: $76,820)

Cash flow from investing activities

- Net cash outflows from investing activities were $1,355,007 (2008: $1,185,722). Of this $1,147,711 (2007: $1,009,653) relates to the purchase of equipment relating to customer growth and expansion of the network.

Cash flow from financing activities

- There were no cash flows from financing activities in the current year.

15. Audit / review of accounts upon which the report is based

This report is based on accounts which have been audited (refer attached financial statements).

16. Accounts not yet audited or reviewed

Not applicable (see above).

17. Qualification of audit / review

There was no qualification

BigAir Group Limited

ABN 57 098 572 626

Annual report
for the financial year ended 30 June 2009

Annual report
for the financial year ended 30 June 2009

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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 2009 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 maximize 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 2009, 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, Chief Executive Officer and Interim Chairman	7 June 2002	-
Patrick Choi	Executive Director and Chief Financial Officer	27 July 2008	-
Danny Herceg	Non-Executive Independent Chairman	27 July 2007	18 July 2008

Corporate governance statement (cont'd)

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

On 18th July 2008 Mr. Herceg resigned as Chairman. On 15 September 2008 Mr. Tyler was appointed to the board as Chairman. Further details, including the skills and experience of the new Chairman 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 year, changes and resignations lead the Board to review its composition, and we have moved to a smaller Board with at least half 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 two Directors were, based on the above criteria, considered independent. One of the current Directors is independent based on these criteria.

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 2009 is outlined below.

Corporate governance statement

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	-
Danny Herceg	Chairman	Chairman	27 July 2007	18 July 2008

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 recent change in the composition of the Board, including reducing the number of non-executive members, it has been resolved that the function of these 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)*

Directors and the Senior Executive Team are encouraged to own shares in the Company purchased in accordance with the Company's Securities Trading Policy. Under this Policy, Directors and the Senior Executive Team are also prohibited from dealing in securities of BigAir during designated periods and at any time at which the individual is in possession of price-sensitive information. *(ASX Recommendation 3.2)*

The Code of Conduct and Ethics is posted on the Company's website in the Investor Relations section. *(ASX Recommendation 3.3)*

Principle 4: Safeguard integrity in financial reporting

The Company's Board is committed to ensuring the integrity of the Company'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 Company's financial reports present a true and fair view, in all material respects, of the Company'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, with the reduction in the number of non-executive directors, the role of the Audit Committee will be assumed by the Board, excluding the two executive directors where appropriate, for the foreseeable future.

Corporate governance statement

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 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.

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 expresses 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 accompanies 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 organization 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 organization 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)*

Corporate governance statement

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 17-19).

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 the financial year to the ASX Recommendations in relation to composition and chair. However this will not be the case in the current financial year. 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, 8.2 and 8.3)*

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. No shares there have been issues under the Employee Share Plan. *(ASX Recommendation 8.3)*

The remuneration for non-executive directors 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)*

Directors' report
for the financial year ended 30 June 2009

The directors of BigAir Group Limited submit herewith the annual financial report of the Company for the year ended 30 June 2009. 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 15 years international experience in the Telecommunications industry holding executive roles in Nokia Siemens Networks, Nokia and Alcatel. Currently Managing Director of Nokia Siemens Networks for Australia, New Zealand and the Pacific Islands. Board member of the Australian Mobile Telecommunications Association (AMTA). 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)	New Zealand based investor and substantial shareholder of BigAir. CEO of RPNZ Ltd, a wholly owned subsidiary of RP Data Pty Ltd. 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.
Danny Herceg (Resigned Non-Executive Chairman)	Danny is a senior commercial lawyer with a specialisation in capital raisings, mergers and acquisitions, privatisations and restructurings. Former chairman 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 except for:

Paul Tyler– appointed 15 September 2008
Danny Herceg – appointed 27 July 2007, resigned 18 July 2008

Directorships of other listed companies

Directors' report (cont'd)

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Danny Herceg	CMI Limited Bluefreeway Limited	From 9 March to 18 July 2008 From 11March 2008 to 30 May 2008

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.

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 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 17 to 19.

Principal activities

The consolidated entity's principal activity in the course of the financial year was providing broadband wireless communications services to the business and residential market. Emphasis is being placed on the business market going forward, rather the residential market.

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

During the financial year the Company expanded its network coverage to Perth, the Gold Coast and Adelaide, establishing itself as one of the leading fixed wireless service provider in the country.

The residential market is serviced through re-selling Unwired, on a network operated by Unwired Pty Ltd. iBurst, a product on a network operated by PBA Pty Ltd, ceased operations 19 December 2008.

Review of operations

BigAir Group Limited delivered EBITDA profit for the year ended 30 June 2009 of $2,136,336 an increase of $1,431,887 or 203% versus EBITDA of $704,449 for the previous corresponding full year period. The result was achieved primarily through strong organic growth of $1.3 million in its "on-net" revenues from sales of its fixed wireless broadband and data services across its recently expanded WiMAX networks which now cover the six largest cities in Australia – Sydney, Melbourne, Brisbane, Perth, Adelaide and the Gold Coast.

The expansion of this high margin network and improving economies of scale helped to deliver a $1.4 million increase in "on-net" gross profits.

Directors' report (cont'd)

The Company also reported Net Profit After Tax of $1,013,658 which is an increase of $994,729 versus the previous year's full year result. In addition Earnings per Share were 1.2 cents which is an increase of 144% on the previous year.

		Year ending 30-Jun-09 $	Year ending 30-Jun-08 $	Movement $
Fixed "On-net" Revenue	**36%**	**4,991,010**	3,666,764	1,324,246
Mobile "Off-net Revenue	-68%	1,473,622	4,595,668	(3,122,046)
Total Revenue	-22%	6,464,632	8,262,432	(1,797,800)
Gross Profit	**26%**	**4,717,964**	3,732,107	985,857
Gross Profit Margin (% Revenue)		73%	45%	
Operating Expenses	-15%	2,581,628	3,027,658	(446,030)
EBITDA	**203%**	**2,136,336**	704,449	1,431,887
EBITDA (as % Revenue)		33%	9%	
Net Profit (Loss) Before Tax*	708%	**1,269,517**	(208,723)	1,478,240
Net Profit (Loss) After Tax*	5255%	**1,013,658**	18,929	994,729
Earnings per share	144%	**1.2**	(2.7)	3.9
Net Tangible Assets per Share (cents)	26%	**5.9**	4.7	1.2

*For 30 June 2008 financial year NPBT and NPAT results are shown before impairment. There was no impairment in 30 June 2009 year.

The revenues in "off-net" wireless services which utilised other carrier's networks declined during the period due primarily to the closure of the iBurst network, and as a result the "off-net" gross profit declined by $0.41 million. However the discontinuation of the iBurst reseller business allowed the Company to complete the realignment of its business and as a result there was a favourable reduction in Operating Expenses of $0.45 million.

The "on-net" fixed wireless broadband division generated gross profit of $4.3 million (2008: $2.9million) for the financial year and the "off-net" mobile wireless broadband division recorded $0.4 million in gross profit (2008: $0.8 million).

Reduction in Operating Expenses of 15% versus Previous Corresponding Period

During the financial year the Company has discontinued its low margin iBurst reselling business and completed the realignment of its sales and marketing activities in order to focus on selling its own high margin, business-grade fixed broadband services. These "on-net" services contribute much higher average revenue and gross profit per customer since they utilise BigAir's own fixed WiMAX wireless networks covering the major metropolitan areas of Sydney, Melbourne, Brisbane, Perth, Adelaide and the Gold Coast. This realignment of sales efforts and other cost saving measures helped deliver a 46% reduction in sales and marketing expenses along with a 31% reduction in General Administration expenses compared to the prior corresponding period, resulting in an overall 15% reduction in operating expenses.

Directors' report (cont'd)

Operating Expenses Comparison		Year ending 30-Jun-09 $	Year ending 30-Jun-08 $	Movement $
Employee benefits expense	5%	1,522,828	1,447,078	75,750
Sales and marketing expense	-46%	327,080	603,309	(276,229)
General administration expense	-31%	591,525	852,334	(260,809)
Occupancy costs	12%	140,195	124,937	15,258
Total Operating Expenses	-15%	2,581,628	3,027,658	(446,030)

Business realignment complete – focus is now 100% "on-net" utilising the Company's own fixed wireless networks

During the period the Company closed its low margin iBurst reseller business and its remaining Unwired reseller customer base is relatively small and is not expected to contribute materially to the financial results going forward.

Mobile Wireless ("Off-net") Division		Year ending 30-Jun-09 $	Year ending 30-Jun-08 $	Movement $
Mobile Wireless Revenue ("Off-net")	-68%	1,473,622	4,595,668	(3,122,046)
Mobile Wireless Gross Profit $ ("Off-net")	-47%	459,202	866,695	(407,493)
Mobile Wireless Gross Profit % ("Off-net")		31%	19%	

As a result of these changes the Company is now in a position to focus all its resources on selling services on its own networks and enhancing the coverage and performance of these networks. During the last 12 months the Company has expanded its coverage substantially building out extensive new networks which cover the major metropolitan areas of Perth, Adelaide and the Gold Coast.

The company has also expanded its existing network footprint within the Sydney, Melbourne and Brisbane metropolitan areas. The BigAir wireless networks in each of these capital cities are connected using high capacity Fibre-Optic circuits which enable the Company to offer multi-site private network services to corporate and business customers.

BigAir's multi city network expansion is already producing positive financial results. Customers located in Queensland and Victoria are already contributing 20% of the total recurring revenue base and in the most recently completed month sales from states outside NSW have contributed more than 50% of the new monthly sales which helped deliver a record sales result for July 2009.

BigAir's multi-city sales strategy has also won a number of new national channel partners who operate in multiple states. BigAir's total network footprint now exceeds 15,000 square kilometres making it one of, if not the largest, fixed wireless networks in Australia.

Directors' report (cont'd)

Further network rollout is planned in the FY10 financial year, particularly in Victoria and South East Queensland where customer demand recently has been particularly strong, to ensure that BigAir is able to offer the broadest and most advanced fixed wireless services coverage in the country.

Fixed Wireless ("On-net") Division			Year ending 30-Jun-09 $	Year ending 30-Jun-08 $	Movement $
Fixed Wireless Revenue ("On-net")	▲	36%	4,991,010	3,666,764	1,324,246
Fixed Wireless Gross Profit $ ("On-net")	▲	49%	4,258,762	2,865,412	1,393,350
Fixed Wireless Gross Profit % ("On-net")			85%	78%	

The Fixed Wireless division revenues increased by 36% to approx $5 million in the year ending 30 June 2009 and its gross profit contribution increased by an even stronger 49% reflecting the scale of economies benefit achieved by growth in the network capacity and the customer base. The margins generated in this division continue to increase from 78% in FY08 to 85% in FY09.

Most of the network costs of service for fixed wireless broadband services are fixed and as this product line continues to expand we expect the cost of sales to grow at lower levels, thus continuing to drive margin growth. To highlight the high margins the company enjoys on its own network it is worth noting that the growth in Fixed Wireless Revenue was $1.32 million, however the growth in Fixed Wireless Gross Profit was even higher at $1.39 million.

Consolidated Financial Performance

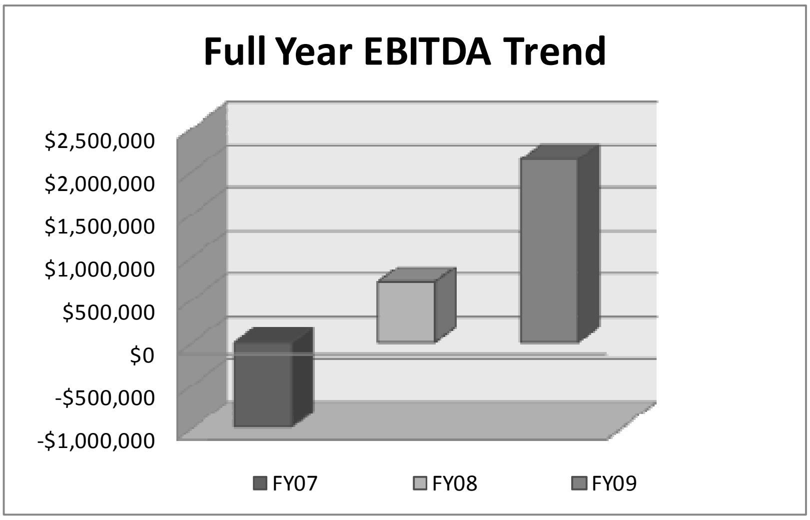
The Company achieved its best financial results to date in the financial year ending 30 June 2009. Below are some of the key highlights -

- "On-net" **fixed wireless revenue growth of 36%** year on year
- **EBITDA** of **$2,136,336** which represents growth of **203%** versus the previous year
- Achievement of maiden **Positive pre tax Profit** result for the full year of **$1,269,517**.
- **Net Operating Cash Flow** of **$1,739,137, up from $76,820 the previous year.**

Directors' report (cont'd)

		Year ending 30-Jun-09 $	Year ending 30-Jun-08 $	Movement $
EBITDA	203%	2,136,336	704,449	1,431,887
less Depreciation	34%	(706,690)	(527,376)	(179,314)
less Amortisation	-50%	(240,857)	(480,476)	239,619
Other Revenue	-15%	80,728	94,680	(13,952)
Income Tax Benefit/(Expense)	-212%	(255,859)	227,652	(483,511)
less Finance Costs		0	0	0
Net Profit (Loss) Before Tax*	708%	1,269,517	(208,723)	1,478,240
Net Profit (Loss) After Tax*	5255%	1,013,658	18,929	994,729

*For 30 June 2008 financial year NPBT and NPAT results are shown before impairment. There was no impairment in 30 June 2009 year.

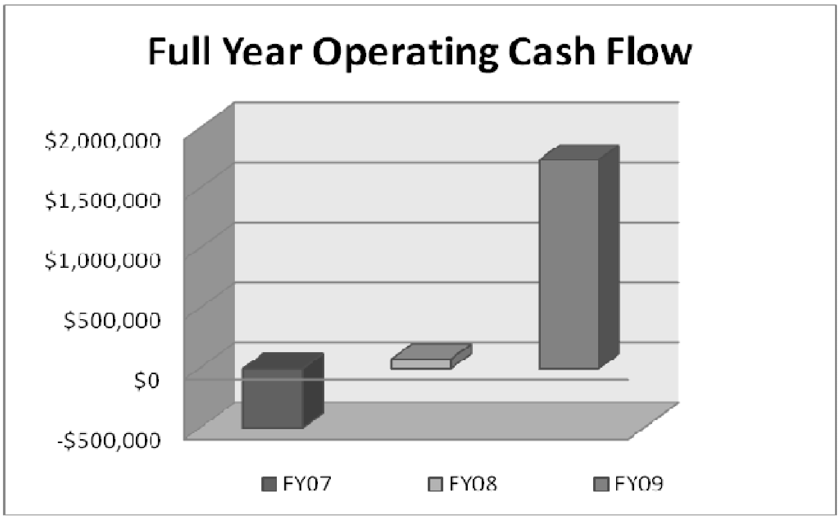


The Net Cash flow generated from operating activities increased by $1.66 million to $1.74 million (2008: $0.76 thousand) for the financial year. The network expansion to Perth, Adelaide and the Gold Coast and other capital expenditure plans resulted in a $169,285 increase in the net cash flow used for investing activities to $1.36 million (2008: $1.19 million).

The Overall Net movement in cash generated by operating activities improved by $1.66 million versus the previous financial year, and the Closing cash balance was $2.05 million. The Company remains debt free with no overdraft or loan facilities.

Cash Flow			Year ending 30-Jun-09 $	Year ending 30-Jun-08 $	Movement $
Net cash flow from operating activities		2164%	1,739,137	76,820	1,662,317
Net cash flow used in investing activities		14%	(1,355,007)	(1,185,722)	(169,285)
Net cash flow from investing activities	-	-	-	-	-
Net movement in cash		135%	384,130	(1,108,902)	1,493,032
Balance of cash at year-end		23%	2,046,375	1,662,245	384,130

Directors' report (cont'd)



Business Outlook and Guidance

During the period the company completed the realignment of its business to focus on selling its own high margin, business-grade fixed broadband services and strengthened its Board and Management team. Despite the closing and loss of revenue from the iBurst resale business and the challenging market conditions the Company has performed well and has exceeded its revised market guidance for full year EBITDA of $1.8-2.0 million for the financial year just ended.

There has been much debate and conjecture around the government's proposed National Broadband Network plans and the potential impact on existing telecommunications carriers. Some service providers have reportedly slowed down their investments in copper based ADSL infrastructure which may become obsolete if the NBN is implemented using FTTP technology as expected. However BigAir is in a unique position as an independent fixed wireless infrastructure owner and its continued investment and aggressive rollout of its network is less likely to be impacted by any new proposed fixed wire infrastructure.

Some recent analyst reports, such as the recent Goldman Sachs JBWere report, have predicted a very long lead time for the NBN. They are predicting that the NBN will not connect 90% of Australian homes to fibre until 2025. Even if the network construction proceeds much faster than many experts have forecasted this could create more opportunities for Companies such as BigAir as most businesses and government would still need a backup and disaster recovery solution to supplement services delivered over a new monopoly fixed wire network.

Today most enterprise customers buy services from multiple services providers operating physically separate networks but in the future, if the NBN were to be implemented in its current form, there will for the most part only be a single network infrastructure owner and multiple service providers buying wholesale access in order to deliver their services.
BigAir has experienced increased uptake in its own DR and backup solutions already and believes that this could put the company in a unique competitive position as one of the very few alternative infrastructure based service providers.

BigAir has also experienced its best ever July sales result last month. With strong sales growth expected from its fixed wireless services across its steadily increasing network footprint the Company expects to improve its earnings further in the new financial year.

Changes in state of affairs

During the year the iBurst network owner PBA Pty Ltd was closed down.

Directors' report (cont'd)

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

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 2009, 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.

Indemnification of officers and auditors

In June 2009 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 2009 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.

Directors' report (cont'd)

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	9*	9	1*	-	3	3
Vivian Stewart	11	10	2	2	3	3
Nigel Jeffries	11	10	2	2	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	9,767,917	1,920,000
Nigel Jeffries	8,000,000	-
Patrick Choi	6,525,610	1,920,000
Vivian Stewart	7,361,704	-

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

No non-audit services were provided during the year by the auditors.

Auditor's independence declaration

The auditor's independence declaration is included on page 20 of the annual report.

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 senior management for the financial year ended 30 June 2009.

Remuneration policy for directors and executives

During the year, the Board had a Remuneration and Nomination Committee that reviewed the remuneration packages of all directors, the secretary and executive officers on an annual basis and made recommendations to the Board. During the year the Board, excluding executive directors, 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 Company's general performance and the creation of shareholder value.

Director and executive details

The following persons acted as directors of the Company during or since the end of the financial year:

Paul Tyler (Chairman, Non-executive director), appointed 15 September 2008
Nigel Jeffries (Non-executive director)
Vivian Stewart (Non-executive director)
Jason Ashton (Chief Executive Officer)
Patrick Choi (Chief Financial Officer)
Danny Herceg (Chairman, Non-executive director), resigned 18 July 2008

The highest remunerated Group executives of the Company and the Group during or since the end of the financial year are termed "senior management" and are:

Jason Ashton (Chief Executive Officer)
Patrick Choi (Chief Financial Officer & Company Secretary)

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. There are no provisions for termination payments provided under these contracts. The non-executive directors do not have employment contracts with the Company, and there is no requirement to provide notice prior to resignation.

Remuneration of directors and senior management

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 Board-approved budget; and
(c) Equity issued share-based payments – issued as part of the Employee Share Scheme.
(d) Post employment benefits – Superannuation of 9% of gross salary.

The directors and the senior management received the following amounts as compensation for their services as directors and senior management of the Company and/or Group during the financial year:

Directors' report (cont'd)

2009 Remuneration	Short-term Employment Benefits Salary & Fees $	Short-term Employment Benefits Cash Performance Bonus $	Equity-settled share based payments $	Post employment benefits – Superannuation $	Total $
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
Senior Management					
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**

2008 Remuneration	Short-term Employment Benefits Salary & Fees $	Short-term Employment Benefits Cash Performance Bonus $	Post Employment Benefits Superannuation $	Total $
Non-executive Directors				
Anthony Tobin	5,080	-	457	5,537
Danny Herceg	36,302	-	3,267	39,569
Shane Allan	3,629	-	327	3,956
Anne Lenagan	3,266	-	294	3,560
Ross McColl (i)	10,000	-	900	10,900
Vivian Stewart	1,056	-	95	1,151
Ray Catelan	10,591	-	953	11,544
Nigel Jeffries	20,000	-	1,800	21,800
Senior Management				
Jason Ashton	129,000	13,500	12,825	155,325
Patrick Choi	129,000	13,500	12,825	155,325
Matt McGuire	69,070	-	6,216	75,286
Total	**416,994**	**27,000**	**39,959**	**483,953**

(i) Ross McColl also received $48,905 for consulting services provided separately under contract during the year.

(ii) Cash performance bonuses paid to senior management were as a result of the employee having assisted the company achieve the targeted EBITDA and had the EBITDA target not have been reached, the bonus would not have been paid

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.

<u>Relationship between the remuneration policy and Company performance</u>

Performance related bonuses are paid to certain key executives. The performance related bonus was chosen by the board as being the most appropriate measure of assessing management performance at this time.

Directors' report (cont'd)

Bonuses are calculated and paid based on the Company achieved certain revenue and EBITDA targets, and certain non-financial key performance indicators. Revenue and EBITDA were selected as the key performance targets by the board to assess the performance of executives. During the current year the business exceeded the EBITDA and revenue targets.

The table below sets out summary information about the consolidated entity's earnings and the movement in shareholder wealth for the four years to June 2009:

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

	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	3.2	8.6	15.0	25.0
Share price at end of year	6.0	3.2	8.6	15.0
Interim dividend	-	-	-	-
Final dividend	-	-	-	-
Basic earnings per share	1.2	(2.7)	(2.3)	(2.2)
Diluted earnings per share	1.2	(2.7)	(2.3)	(2.2)

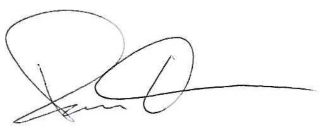
Five years of information is not provided in the two tables above as the Group listed in 2006.

<u>Value of options issued to directors and executives</u>

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
18 August 2009

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
BigAir Group Limited
Level 1, 59 Buckingham Street
SURRY HILLS NSW 2010

18 August 2009

Dear Sirs

BigAir Group Limited

In accordance with s. 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of BigAir Group Limited.

As lead audit partner for the audit of the financial statements of BigAir Group Limited for the financial year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Adam Thompson
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BIGAIR GROUP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of BigAir Group Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 22 to 70.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Deloitte.

Auditor's Independence Declaration

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

Auditor's Opinion

In our opinion:

(a) the financial report of BigAir Group Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company and consolidated entity's financial position as at 30 June 2009 and of their 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 report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 19 of the directors' report for the year ended 30 June 2009. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of BigAir Group Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

Adam Thompson
Partner
Chartered Accountants
Sydney, 18 August 2009

Directors' declaration

The directors declare that:

a) 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;

b) in the directors' opinion, the attached financial statements and notes thereto, are in accordance with the Corporations Act 2001, including compliance with accounting standards and gives a true and fair view of the financial position and performance of the Company and the consolidated entity; and

c) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s. 295(5) of the Corporations Act 2001.

On behalf of the directors

P Tyler
Chairman

Sydney
18 August 2009

Income statement
for the financial year ended 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Revenue	4	6,464,632	8,262,432	4,991,010	3,666,764
Cost of sales		(1,746,668)	(4,530,325)	(787,543)	(801,352)
Gross Profit		4,717,964	3,732,107	4,203,467	2,865,412
Other revenue	4	80,728	94,680	364,450	360,150
Employee benefits expense	5	(1,522,828)	(1,447,078)	(1,132,175)	(1,318,676)
Sales and marketing expenses		(327,080)	(603,309)	(307,875)	(511,040)
General administration expenses		(591,545)	(852,334)	(464,973)	(708,224)
Depreciation and amortisation expenses	5	(947,527)	(1,007,852)	(928,783)	(761,553)
Impairment reversal / (expense)	5	-	(2,372,493)	558,768	(3,311,655)
Occupancy expenses		(140,195)	(124,937)	(108,589)	(119,688)
Profit / (Loss) before income tax		1,269,517	(2,581,216)	2,184,290	(3,505,274)
Income tax income/(expense)	6	(255,859)	227,652	(411,801)	48,651
Profit/(Loss) for the year		1,013,658	(2,353,564)	1,772,489	(3,456,623)
Earnings per share					
- Basic (cents per share)	23	1.2	(2.7)		
- Diluted (cents per share)	23	1.2	(2.7)		

Notes to the financial statements are included on pages 29 to 71

Balance sheet
as at 30 June 2009

		Consolidated		Company	
		2009	2008	2009	2008
	Note	$	$	$	$
Current assets					
Cash and cash equivalents	28(a)	2,046,375	1,662,245	1,978,441	1,083,927
Trade and other receivables	10	142,217	280,364	141,845	199,076
Inventories	11	2,455	7,262	-	-
Other	12	12,744	119,979	12,744	20,980
Total current assets		2,203,791	2,069,850	2,133,030	1,303,983
Non-current assets					
Trade and other receivables	14	34,827	34,827	34,827	34,827
Property, plant and equipment	15	2,522,184	1,820,247	2,504,669	1,795,932
Deferred tax assets	6	1,621,358	1,877,217	1,616,043	1,793,418
Other intangible assets	17	128,733	162,274	128,733	152,430
Total non-current assets		4,307,102	3,894,565	4,284,272	3,776,607
Total assets		6,510,893	5,964,415	6,417,302	5,080,590
Current liabilities					
Trade and other payables	18	1,131,189	1,400,971	1,106,314	1,592,628
Income received in advance	19	38,354	297,644	26,094	37,449
Provisions	20	99,243	72,151	99,243	72,151
Total current liabilities		1,268,786	1,770,766	1,231,651	1,702,228
Total liabilities		1,268,786	1,770,766	1,231,651	1,702,228
Net assets		5,242,107	4,193,649	5,185,651	3,378,362
Equity					
Issued capital	21	10,578,051	10,543,251	10,578,051	10,543,251
Reserves	22	161,237	161,237	161,237	161,237
Accumulated losses		(5,497,181)	(6,510,839)	(5,553,637)	(7,326,126)
Total equity		5,242,107	4,193,649	5,185,651	3,378,362

Notes to the financial statements are included on pages 29 to 71

Statement of changes in equity
for the financial year ended 30 June 2009

	Consolidated			
	Fully paid ordinary shares $	**Employee equity-settled benefits $**	**Accumulated losses $**	**Total $**
Balance at 30 June 2007	10,543,251	161,237	(4,157,275)	6,547,213
Loss for the period	-	-	(2,353,564)	(2,353,564)
Balance at 30 June 2008	10,543,251	161,237	(6,510,839)	4,193,649
Profit for the period			1,013,658	1,013,658
Total recognised income and expense	-	-	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

Notes to the financial statements are included on pages 29 to 71

Statement of changes in equity
for the financial year ended 30 June 2009

	Company			
	Fully paid ordinary shares $	Employee equity-settled benefits $	Accumulated losses $	Total $
Balance at 30 June 2007	10,543,251	161,237	(3,869,503)	6,834,985
Loss for the period	-	-	(3,456,623)	(3,456,623)
Balance at 30 June 2008	10,543,251	161,237	(7,326,126)	3,378,362
Profit for the period	-	-	1,772,489	1,772,489
Total recognised income and expense	-	-	1,772,489	1,772,489
Issue of shares to employees	34,800	-	-	34,800
Balance at 30 June 2009	10,578,051	161,237	(5,553,637)	5,185,651

Notes to the financial statements are included on pages 29 to 71

Cash flow statement
for the financial year ended 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Cash flows from operating activities					
Receipts from customers		6,907,898	9,558,022	5,314,207	4,003,099
Payments to suppliers and employees		(5,255,810)	(9,575,882)	(3,024,556)	(3,592,273)
Interest received		87,049	94,680	68,104	360,150
Net cash provided by operating activities	28(e)	1,739,137	76,820	2,357,755	770,796
Cash flows from investing activities					
Payments for plant and equipment		(1,147,711)	(1,009,653)	(1,126,549)	(1,009,653)
Payment for intangible assets	17	(207,296)	(176,069)	(205,179)	(162,128)
Loan to subsidiary		-	-	(131,513)	(1,111,936)
Net cash used in investing activities		(1,355,007)	(1,185,722)	(1,463,241)	(2,283,732)
Net increase / (decrease) in cash and cash equivalents		384,130	(1,108,902)	894,514	(1,512,621)
Cash and cash equivalents at the beginning of the financial year		1,662,245	2,771,147	1,083,927	2,596,548
Cash and cash equivalents at the end of the financial year	28(a)	2,046,375	1,662,245	1,978,441	1,083,927

Notes to the financial statements are included on pages 29 to 71

Notes to the financial statements

1. General information

BigAir Group Limited (the Company) is a public Company listed on the Australian Stock 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. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the separate financial statements of the Company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 18 August 2009.

Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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 there were no new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

Notes to the financial statements

2. Significant accounting policies (cont'd)

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective. Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the Company's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 101 'Presentation of Financial Statements' (revised September 2007), AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101', AASB 2007-10 'Further Amendments to Australian Accounting Standards arising from AASB 101'	1 January 2009	30 June 2010
• AASB 8 'Operating Segments', AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8'	1 January 2009	30 June 2010
• AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments'	1 January 2009 (and that ends on or after 30 April 2009)	30 June 2010

Initial application of the following Standards/Interpretations is not expected to have any material impact on the financial report of the Group and the Company:

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 financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

2. Significant accounting policies (cont'd)

Notes to the financial statements

(b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

(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.

(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 29 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.

Notes to the financial statements

(d) Derivative financial instruments (cont'd)

Embedded derivatives
Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Hedge accounting
The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations.

Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 29 contains details of the fair values of the derivative instruments used for hedging purposes during the period.

Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other expenses or other income

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a nonfinancial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Notes to the financial statements

(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.

Other financial assets are classified into the following specific categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, '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.

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 balance sheet 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.

Notes to the financial statements

2. Significant accounting policies (cont'd)

(f) Financial assets (cont'd)

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.

(g) Financial instruments issued by the Company

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.

Financial liabilities at fair value through profit or loss
Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading is designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

2. Significant accounting policies (cont'd)

Notes to the financial statements

(g) Financial instruments issued by the Company (cont'd)

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 29.

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 each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet 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

(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 cash flow statement 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) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Goodwill is subsequently measured at its cost less any impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units, or groups of cash-generating units, expected to benefit from the synergies of the business combination. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or groups of cash-generating units), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or groups of cash-generating units) and then to the other assets of the cash generating units pro-rata on the basis of the carrying amount of each asset in the cash-generating unit (or groups of cash-generating units). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period.

On disposal of an operation within a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

(k) Impairment of long-lived assets excluding goodwill

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.

2. Significant accounting policies (cont'd)

Notes to the financial statements

(k) Impairment of long-lived assets excluding goodwill (cont'd)

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.

(l) 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 balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. 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.

2. Significant accounting policies (cont'd)

(l) Income tax (cont'd)

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 Company/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 income statement 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.

Tax consolidation

The company and all its wholly-owned Australian resident entities 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.

2. Significant accounting policies (cont’d)

(m) Intangible assets

Notes to the financial statements

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 excluding goodwill

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.

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.

(n) 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.

(o) 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.

2. Significant accounting policies (cont'd)

(o) Leased assets (cont'd)

Notes to the financial statements

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.

(p) 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 income statement when incurred. Major replacements, improvements and upgrades to the infrastructure are capitalised and depreciated over the remaining useful life of the asset.

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 profit or loss.

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

• Computer and office equipment	3 years
• Broadband infrastructure	1-6 years
• Office furniture and fittings	6 years
• Leasehold improvements	1 year

(q) 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.

2. Significant accounting policies (cont'd)

(r) Revenue recognition

Notes to the financial statements

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.

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 balance sheet 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.

(s) 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

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:

- Negative net assets of investment & loan to subsidiary (see below)
- Subscriber acquisition costs (see below)
- Useful lives of property, plant & equipment
- Utilisation of tax losses

Key sources of estimation uncertainty

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

Negative net assets of investment & loan to subsidiary

The Company has a policy of reviewing the net assets of its subsidiary and the fair recoverable value of the investment. In the current period, the negative net assets of the subsidiary were $2,047,177. The holding company's investment was fully impaired in the prior period. Upon consolidation, this investment impairment is eliminated. The loan to the subsidiary has also been fully impaired, details are in note 14.

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. Direct subscriber acquisition costs are those subscriber acquisition costs that are directly attributable to establishing specific supplier 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.

Useful lives of property, plant & equipment

As described in note 2(p), the Group reviews the estimated useful lives of property, plant and equipment at the end of each financial year. No change in the estimated useful lives was required.

Notes to the financial statements

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Utilisation of tax losses

The Company and its wholly-owned Australian entity have 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 Company has assessed the ability to utilise the losses against future taxable income. The Company has started generating taxable income in the current financial year and the losses will be used over the next 2-3 years.

4. Revenue

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

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Sales revenue:				
Mobile wireless services	1,473,622	4,595,668	-	-
Fixed wireless services	4,991,010	3,666,764	4,991,010	3,666,764
	6,464,632	8,262,432	4,991,010	3,666,764
Other revenue:				
Interest from bank deposits	80,728	94,680	61,783	85,054
Interest from related party loan	-	-	302,667	275,096
	80,728	94,680	364,450	360,150
Total revenue	6,545,360	8,357,112	5,355,460	4,026,914

For more information, see note 26.

Notes to the financial statements

5. Profit for the year before tax

Profit for the year includes the following expenses:

		Consolidated		Company	
	Note	2009 $	2008 $	2009 $	2008 $
Cost of sales	(i)	1,746,668	4,530,325	787,543	801,352
Depreciation of non-current assets	15	706,690	527,376	699,907	517,940
Amortisation of subscriber acquisition costs	17	218,973	244,181	207,012	210,608
Amortisation of customer bases	17	21,864	236,295	21,864	33,005
		947,527	1,007,852	928,783	761,553
Impairment of investment in subsidiary	13	-	-	-	608,213
Impairment of goodwill	16	-	2,256,645	-	-
Impairment of customer bases	17	-	115,848	-	-
Impairment / (reversal of impairment) of loan	14	-	-	(558,768)	2,703,442
		-	2,372,493	(558,768)	3,311,655
Impairment of trade receivables (ii)	10	18,599	108,427	45,246	112,388
Impairment of inventory (iii)	11	-	30,203	-	-
Loss on disposal of fixed assets	15	36,856	-	71,653	-
Operating lease rental expenses:					
Minimum lease payments	24	124,725	108,448	96,452	105,493
Employee benefit expense:					
Post employment benefits:					
Defined contribution plan		131,713	135,934	131,713	126,732
Share-based payments		34,800	-	34,800	-
Other employee benefits	(iv)	1,356,315	1,311,144	965,662	1,191,944
		1,522,828	1,447,078	1,132,175	1,318,676

(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. Group cost of sales includes a write-back of $252,860 relating to the settlement of a debt to the supplier PBA Pty Ltd.

(ii) Impairment of trade receivables is included in general administration expenses.

(iii) Impairment of inventory is included in cost of sales.

(iv) The employee benefits expense above does not include the salaries of sales and marketing staff of $227,251 (2007: $445,741) that the Group reports as part of the sales and marketing expense.

Notes to the financial statements

6. Income taxes

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Tax expense/(benefit) comprises:				
Current tax expense/(income) in respect of the current year:	255,859	(227,652)	411,801	(48,651)

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

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Profit/(Loss) from operations	1,269,517	(2,581,216)	2,184,290	(3,505,274)
Income tax expense/(income) calculated at 30%	365,094	(774,365)	655,287	(1,051,582)
Non-deductible amortisation of customer base	6,559	70,889	6,559	9,901
Non-deductible impairment of customer base	(32,286)	34,754	-	-
Impairment losses on goodwill that are not deductible	-	676,994	-	-
Impairment losses on investment that are not deductible	-	-	-	182,464
Impairment losses on loan to subsidiary that are not deductible	-	-	(167,630)	811,033
Tax concession (investment allowance)	(84,303)		(84,303)	
Other	795	(30,974)	1,888	(467)
Deferred tax assets not previously recognised as an asset	-	(204,950)	-	-
Income tax expense/(benefit)	255,859	(227,652)	411,801	(48,651)

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:

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Tax losses	1,519,038	1,557,583	1,519,038	1,557,583
Temporary differences	102,320	319,634	97,005	235,835
	1,621,358	1,877,217	1,616,043	1,793,418

Notes to the financial statements

6. Income taxes (cont'd)

Temporary differences arise from the following:

2009	Consolidated Opening balance $	Adjustments $	Charged to income $	Closing balance $
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 balance sheet as follows:

Deferred tax asset	1,621,358

2008	Consolidated Opening balance $	Adjustments $	Charged to income $	Closing balance $
Tax losses – revenue	1,395,044	-	162,539	1,557,583
Provisions	100,928	-	(24,657)	76,271
Accruals/income in advance	16,890	204,950	(41,972)	179,868
IPO raising costs	224,975	-	(93,642)	131,333
Capitalised subscriber acquisition costs	(55,986)	-	20,434	(35,552)
Customer base	(32,286)	-	-	(32,286)
	1,649,565	204,950	22,702	1,877,217

Presented in the balance sheet as follows:

Deferred tax asset	1,877,217

Notes to the financial statements

6. Income taxes (cont'd)

2009	Company Opening balance $	Adjustments $	Charged to income $	Closing balance $
Tax losses - revenue	1,557,583	-	(38,545)	1,519,038
Provisions	41,740	-	(1,373)	40,367
Accruals	95,360	-	(44,365)	50,995
IPO raising costs	131,333	-	(93,642)	37,691
Capitalised subscriber acquisition costs	(32,598)	-	550	(32,048)
	1,793,418	-	(177,375)	1,616,043

Presented in the balance sheet as follows:

Deferred tax asset	1,616,043

2008	Company Opening balance $	Adjustments $	Charged to income $	Closing balance $
Tax losses - revenue	723,220	758,522	75,841	1,557,583
Provisions	26,874	-	14,866	41,740
Accruals	58,318	-	37,042	95,360
IPO raising costs	224,975	-	(93,642)	131,333
Capitalised subscriber acquisition costs	(47,142)	-	14,544	(32,598)
	986,245	758,522	48,651	1,793,418

Presented in the balance sheet as follows:

Deferred tax asset	1,793,418

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 2009.

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 25.

Notes to the financial statements

6. Income taxes (cont'd)

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

Details of key management personnel

The key management personnel of BigAir Group Limited during the year were:

Paul Tyler (Chairman, non-executive independent director) – appointed 15 September 2008
Nigel Jeffries (non-executive director)
Vivian Stewart (non-executive director)
Jason Ashton (director, Chief Executive Officer)
Patrick Choi (director, Chief Financial Officer, Company Secretary)
Danny Herceg (Chairman, non-executive independent director) – resigned 18 July 2008

Key management personnel compensation policy

During the year, the Board, excluding executive directors, operated as the Remuneration and Nomination Committee to review the remuneration packages of all directors, the secretary and executive officers on an annual basis. Remuneration packages are determined with market rates and are benchmarked against comparable industry salaries.

Current year remuneration was based on a number of short term and long term components of the Company's general performance and the creation of shareholder value. The executives are eligible for performance-related bonuses, related to performance against the Board-approved budget.

Notes to the financial statements

7. Key management personnel compensation (cont'd)

Key management personnel compensation

The compensation of each member of the key management personnel of the Group for the current year is set out below:

2009 Remuneration	Short-term Employment Benefits		Equity-settled share based payments	Post employment benefits – Superannuation	Total
	Salary & Fees $	Cash Performance Bonus $	$	$	$
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
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**

2008 Remuneration	Short-term Employment Benefits		Equity-settled share based payments	Post employment benefits – Superannuation	Total
	Salary & Fees $	Cash Performance Bonus $	$	$	$
Anthony Tobin	5,080	-	-	457	5,537
Shane Allan	3,629	-	-	327	3,956
Anne Lenagan	3,266	-	-	294	3,560
Nigel Jeffries	20,000	-	-	1,800	21,800
Jason Ashton	129,000	13,500	-	12,825	155,325
Patrick Choi	129,000	13,500	-	12,825	155,325
Vivian Stewart	1,056	-	-	95	1,151
Danny Herceg	36,302	-	-	3,267	39,569
Ray Catelan	10,591	-	-	953	11,544
Ross McColl	10,000	-	-	900	10,900
Matt McGuire	69,070	-	-	6,216	75,286
Total	**416,994**	**27,000**	**-**	**39,959**	**483,953**

The aggregate remuneration of the key management personnel of the Group and the Company is set out below:

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Short term employment benefits	440,283	443,994	440,283	443,994
Post-employment benefits	37,664	39,959	37,664	39,959
Share-based payments	4,000	-	4,000	-
	481,947	483,953	481,947	483,953

Notes to the financial statements

7. Key management personnel compensation (cont'd)

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.

8. Share-based payments

The Company 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. There were 829,377 shares issued to employees under the Employee Share Plan, see note 21 for details.

a) Employees' Option Scheme

The Employees' Option Scheme entitles the directors to offer employees of the Company (or any other member 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 at the balance sheet date.

8. Share-based payments (cont'd)

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 1 (i)	450,000	15 April 2005	15 July 2008	40 cents	$18,564
Series 2	2,160,000	15 July 2005	15 July 2008	40 cents	$89,106
Series 3	5,760,000	3 April 2006	3 April 2011	40 cents	$543,092
Series 4 (ii)	720,000	3 April 2006	3 April 2009	40 cents	$29,702

(i) Issued to advisor to Initial Public Offering
(ii) Issued to broker to Initial Public Offering

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.

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	2009 Number	2008 Number
Balance at beginning of the financial year	7,920,000	7,920,000
Granted during the financial year (Series 5)	-	800,000
Cancelled or expired during the financial year	(2,160,000)	(800,000)
Balance at end of the financial year	5,760,000	7,920,000

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.

8. Share-based payments (cont'd)

Inputs into the model	Directors and Executives
Grant date share price	$0.25
Exercise price	$0.40
Volatility	40%
Option life from grant date	3 and 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 year.

Options issued to advisors	2009 Number	2008 Number
Balance at beginning of the financial year	1,170,000	1,170,000
Expired during the financial year	(1,170,000)	-
Balance at end of the financial year	-	1,170,000

9. Remuneration of the auditor

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Auditor of the parent entity:				
Audit of the financial report	67,000	70,350	65,224	59,798
Review of half-year financial report	24,300	28,000	2,300	23,800
	91,300	98,350	67,524	83,598

The auditor of BigAir Group Limited is Deloitte Touche Tohmatsu. There was no other remuneration paid or payable to the auditor in respect of the financial year.

Notes to the financial statements

10. Trade and other receivables

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Trade receivables (i)	170,083	450,891	168,623	254,501
Allowance for doubtful debts	(36,401)	(182,083)	(35,313)	(66,981)
	133,682	268,808	133,310	187,520
Sundry debtors	8,535	11,556	8,535	11,556
	142,217	280,364	141,845	199,076

(i) The average credit period for corporate clients on rendering of services is 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 customers with monthly recurring charges greater than $1,000, a Veda report, ASIC search and two reference checks are performed. Of the trade receivables balance at the end of the year, $nil (2008: $18,104) is due from Unistar Pty Ltd, the Group's largest customer, and $21,945 (2008: $nil) is due from Westpac Banking Corporation. There are no other customers who represent more than 5 % of the total balance of trade receivables.

Included in the Group's trade receivable balance are debtors with a carrying amount of $3,302 (2008: $29,879) 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 263 days (2007: 182 days).

<u>Ageing of past due but not impaired</u>

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
60 - 90 days	1,579	4,597	1,579	1,255
90 + days	1,723	25,282	734	6,988
	3,302	29,879	2,313	8,243

10. Trade and other receivables (cont'd)

<u>Movement in the allowance for doubtful debts</u>

Notes to the financial statements

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Balance at the beginning of the year	(182,083)	(254,107)	(66,981)	(25,000)
Impairment losses recognised on receivables (i)	(147,500)	(262,387)	(108,000)	(112,388)
Amounts written off as uncollectable	169,979	268,449	81,914	104,098
Amounts recovered during the year	(5,698)	(87,998)	(5,000)	(33,691)
Impairment losses reversed(i)	128,901	153,960	62,754	-
Balance at the end of the year	(36,401)	(182,083)	(35,313)	(66,981)

(i) Net amount of trade receivables impaired for 2009 is $18,599 (2008:$108,427).

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 $5,982 (2008: $6,449) 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.

<u>Ageing of impaired trade receivables</u>

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Current	2,824	5,560	2,794	2,445
30-60 days	7,996	8,560	7,996	1,762
60- 90 days	16,320	13,831	16,250	2,594
Over 90 days	9,261	154,132	8,273	60,180
	36,401	182,083	35,313	66,981

11. Inventories

Finished goods	2,455	7,262	-	-

All inventories are expected to be recovered within twelve months.

12. Other assets

Prepayments	12,744	119,979	12,744	20,980

13. Other financial assets

	Consolidated		Company	
	2009	2008	2009	2008

Notes to the financial statements

	$	$	$	$
Investments carried at cost				
Non-current				
Shares in subsidiary	-	-	2,199,719	2,199,719
Accumulated impairment losses				
Balance at beginning of financial year	-	-	(2,199,719)	(1,591,506)
Impairment losses for the year (i)	-	-	-	(608,213)
Balance at end of financial year	-	-	(2,199,719)	(2,199,719)
Net book value				
At the beginning of the financial year	-	-	-	608,213
At the end of the financial year	-	-	-	-

(i) In the prior period, the negative net assets of the subsidiary and the declining profitability of the business conducted by the subsidiary have led to impairment at Company level of $608,213. Upon consolidation, the total investment impairment is eliminated, and an impairment loss against goodwill for the Group arises (see note 16).

14. Non-current trade and other receivables

Gross receivable before impairment				
Rental deposits	34,827	34,827	34,827	34,827
Interest bearing loan to subsidiary	-	-	2,144,674	2,703,442
	34,827	34,827	2,179,501	2,738,269
Accumulated impairment losses				
Balance at beginning of financial year	-	-	(2,703,442)	-
Impairment (loss)/reversal for the year (i)	-	-	558,768	(2,703,442)
Balance at end of financial year	-	-	(2,144,674)	(2,703,442)
Net book value				
At the beginning of the financial year	34,827	34,827	34,827	1,624,633
At the end of the financial year	34,827	34,827	34,827	34,827

(i) The intercompany loan receivable is repayable on demand and interest is charged on the outstanding balance at a fixed rate of 12%. It has been fully impaired in the accounts of the holding Company in 2009. Receivables from entities within the wholly-owned Group arise in the course of normal operations.

15. Property, plant and equipment

Consolidated

Notes to the financial statements

	Broadband infrastructure at cost $	Office furniture and fittings, leasehold fittings and equipment at cost $	Total $
Gross carrying amount			
Balance at 30 June 2007	2,295,307	300,976	2,596,283
Additions	996,722	12,931	1,009,653
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)
Cost at 30 June 2009	4,536,673	378,545	4,915,218
Accumulated depreciation			
Balance at 30 June 2007	(1,127,919)	(130,394)	(1,258,313)
Depreciation expense	(481,661)	(45,715)	(527,376)
Balance at 30 June 2008	(1,609,580)	(176,109)	(1,785,689)
Depreciation expense	(688,166)	(38,524)	(706,690)
Disposals	108,973	10,372	119,345
Balance at 30 June 2009	(2,188,773)	(204,261)	(2,393,034)
Net book value			
As at 30 June 2008	1,682,449	137,798	1,820,247
As at 30 June 2009	2,347,900	174,284	2,522,184

	Company		
	Broadband infrastructure at cost $	Office furniture and fittings and equipment at cost $	Total $
Gross carrying amount			
Balance at 30 June 2007	2,295,307	239,029	2,534,336
Additions	996,703	12,830	1,009,533
Balance at 30 June 2008	3,292,010	251,859	3,543,869
Additions	1,415,655	64,642	1,480,297
Disposals	(170,991)	(21,182)	(192,173)
Balance at 30 June 2009	4,536,674	295,319	4,831,993
Accumulated depreciation			
Balance at 30 June 2007	(1,127,919)	(102,078)	(1,229,997)
Depreciation expense	(481,661)	(36,279)	(517,940)
Balance at 1 July 2008	(1,609,580)	(138,357)	(1,747,937)
Depreciation expense	(668,166)	(29,741)	(699,907)
Disposals	88,972	33,548	120,520
Balance at 30 June 2009	(2,188,774)	(138,550)	(2,327,324)
Net book value			
As at 30 June 2008	1,682,430	113,502	1,795,932
As at 30 June 2009	2,347,900	156,769	2,504,669

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.

Notes to the financial statements

16. Goodwill

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Gross carrying amount				
Balance at beginning and end of financial year	2, 586,645	2, 586,645	-	-
Accumulated impairment losses				
Balance at beginning of financial year	(2,586,645)	(330,000)	-	-
Impairment losses for the year (i)	-	(2,256,645)	-	-
Balance at end of financial year	(2,586,645)	(2,586,645)	-	-
Net book value				
At the beginning of the financial year	-	2,256,645	-	-
At the end of the financial year	-	-	-	-

(i) During the prior financial year, the Group reassessed the recoverable amount of goodwill, and determined that the goodwill associated with the Group's mobile wireless operation was impaired by $2,256,645, which increased the goodwill impairment to $2,586,645. The recoverable amount of the Group's mobile wireless operation was assessed by reference to the cash generating unit's value in use. The main contributing factor to the impairment of the cash generating unit was declining demand for the iBurst product and subsequent to the end of the prior year the Group discontinued selling iBurst services which confirms the impairment was appropriate. The impairment was calculated by reference to an impairment model that set out forecast cash flows discounted by a weighted average cost of capital rate of 15%. The model was sensitised and it was still appropriate to completely impair the goodwill balance.

Allocation of goodwill to cash-generating units

Goodwill was allocated for impairment testing purposes to one cash-generating unit being the business of Veritel Australia Pty Limited. Goodwill arose on acquisition of the business in 2005.

17. Other intangible assets

Consolidated		
Subscriber acquisition costs $	Customer bases $	Total $

Notes to the financial statements

Gross carrying amount			
Balance at 30 June 2007	298,931	1,493,314	1,792,245
Additions from internal capitalisation	176,069	-	176,069
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
Accumulated amortisation			
Balance at 30 June 2007	(112,312)	(1,097,404)	(1,209,716)
Amortisation expense for the year (i)	(244,181)	(236,295)	(480,476)
Impairment expense for the year (i)	-	(115,848)	(115,848)
Balance at 30 June 2008	(356,493)	(1,449,547)	(1,806,040)
Amortisation expense for the year (i)	(218,973)	(21,864)	(240,837)
Balance at 30 June 2009	(575,466)	(1,471,411)	(2,046,877)
Net book value			
As at 30 June 2008	118,507	43,767	162,274
As at 30 June 2009	106,830	21,903	128,733

	Company		
	Subscriber acquisition costs $	**Customer bases $**	**Total $**
Gross carrying amount			
Balance at 30 June 2007	243,963	294,184	538,147
Additions	162,128	-	162,128
Balance at 1 July 2008	406,091	294,184	700,275
Additions	205,179	-	205,179
Balance at 30 June 2009	611,270	294,184	905,454
Accumulated amortisation			
Balance at 1 July 2007	(86,821)	(217,411)	(304,232)
Amortisation expense for the year (i)	(210,608)	(33,005)	(243,613)
Balance at 30 June 2008	(297,429)	(250,416)	(547,845)
Amortisation expense for the year (i)	(207,012)	(21,864)	(228,876)
Balance at 30 June 2009	(504,441)	(272,280)	(776,721)
Net book value			
As at 30 June 2008	108,662	43,768	152,430
As at 30 June 2009	106,830	21,903	128,733

(i) Amortisation expense is included in the line item depreciation and amortisation expense in the income statement. Impairment is separately disclosed in the income statement.

17. Other intangible assets (cont'd)

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

- Subscriber acquisition costs 1-2 years

Notes to the financial statements

- Customer bases 6 years

(iii) The Group's two intangible assets have been subjected to impairment testing using an impairment model developed by the company. The model assumes the business associated with the intangible assets will continue to grow and in each case the forecast cash flows have been discounted by a weighted average cost of capital of 15%. The weighted average cost of capital and gross margin percentage applied have both been sensitised by 5%. The sensitivity adjustments do not result in the intangible assets being impaired.

Significant intangible assets

Customer bases
There are four distinguishable intangible assets in the form of customer bases identified and accounted for. The Veritel customer base is a separately identified asset acquired on 1 July 2005 as part of the Veritel business combination. The Ozemail customer base was acquired by a subsidiary from iiNet during October 2005. The T3 customer was acquired by the Company from T3/Pacific Internet on 7 June 2006. WHome customer base was acquired by the Company from Skynet Global on 30 June 2006. All of the customer bases will be fully amortised on a reducing balance method in a manner that allocates the cost of acquisition over the expected benefit period. This methodology has lead to all customer bases except for WHome being fully amortised / impaired in the prior year.

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 Company. 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.

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 six 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.

18. Trade and other payables

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Trade payables (i)	581,222	945,905	560,805	400,541

Notes to the financial statements

Sundry creditors	101,144	63,540	101,144	63,540
Accruals	370,399	328,387	365,941	306,886
Goods and services tax (GST) payable	78,424	63,139	78,424	63,139
Payable to wholly-owned subsidiary	-	-	-	758,522
	1,131,189	1,400,971	1,106,314	1,592,628

(i) The average credit period on suppliers is 83 days (2008: 75 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.

19. Income received in advance

Income received in advance from customers	38,354	297,644	26,094	37,449

20. Provisions

Current				
Employee benefits	99,243	72,151	99,243	72,151

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

21. Issued capital

	Consolidated and Company			
	2009		2008	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of financial year	86,284,714	10,543,251	86,284,714	10,543,251
Issue of shares to employees	829,377	34,800	-	-
Balance at end of financial year	87,114,091	10,578,051	86,284,714	10,543,251

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 7.

21. Issued capital (cont'd)

Shares were issued to employees under the Employee Share Plan. Share issue amounts were based on a combination of seniority within the company and duration of employment with the company.

Notes to the financial statements

22. Reserves

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Employee equity-settled benefits	161,237	161,237	161,237	161,237

Employee equity settled benefits reserve

Balance at beginning and end of financial year	161,237	161,237	161,237	161,237

Further information about share-based payments to employees is made in notes 7 and 8 to the financial statements.

Share options

During the financial year, no share options (2008: 800,000) over ordinary shares were issued to senior management personnel. During the year 3,330,000 share options expired (2007: 800,000 share options were cancelled).

Notes to the financial statements

23. Earnings per share

	Consolidated	
	2009 Cents per share	2008 Cents per share
Basic profit/(loss) per share from continuing operations	1.2	(2.7)
Diluted loss per share from continuing operations	1.2	(2.7)

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	
	2009 $	2008 $
Profit/(loss) for the period attributable to ordinary equity holders of the parent entity	1,013,658	(2,353,564)

	Consolidated	
	2009 No.	2008 No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share.	86,699,403	86,284,714

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

Notes to the financial statements

24. Leases

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $

Leasing arrangements

The Group has a commitment in respect of one non-cancellable lease.

The Group has a non-cancellable lease over premises located in Sydney. This lease expires on 14 June 2010, with an option to extend for a further three years. The Group does not have an option to purchase the premises at the end of the expiry period.

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Non-cancellable operating lease commitments				
Not longer than 1 year	146,952	122,060	146,952	122,060
Longer than 1 year and not longer than 5 years	-	146,952	-	146,952
	146,952	269,012	146,952	269,012

The Group does not have any lease commitments longer than 1 year.

No liabilities have been recognised in relation to this operating lease.

25. Subsidiaries

	Country of incorporation	Ownership interest 2009 %	Ownership interest 2008 %
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

26. Business and geographical segments

Information on business segments

The Group is organised into two operating divisions – mobile wireless division and fixed wireless division. These divisions are the basis of which the Group reports its primary segment information. The principal products and services of each of these divisions are as follows:

- Mobile wireless division sells mobile wireless broadband services based on the wholesale networks of Personal Broadband Australia ("iBurst") and Unwired; and
- Fixed wireless division sells 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.

	External Sales	
Segment revenues	2009 $	2008 $
Mobile wireless division	1,473,622	4,595,668
Fixed wireless division	4,991,010	3,666,764
Total	6,464,632	8,262,432

Segment results	2009 $	2008 $
Mobile wireless division	125,320	(1,838,514)
Fixed wireless division	1,795,717	(55,429)
Total of all segments	1,921,037	(1,893,943)
Interest revenue	80,728	94,680
Head office costs	(732,248)	(781,953)
Profit/(loss) before income tax	1,269,517	(2,581,216)
Income tax (expense)/benefit	(255,859)	227,652
Profit/(loss) for the year	1,013,658	(2,353,564)

Notes to the financial statements

26. Business and geographical segments (cont'd)

	Assets 2009 $	Liabilities 2009 $	Assets 2008 $	Liabilities 2008 $
Segment assets and liabilities				
Mobile wireless service	93,591	37,135	883,825	68,538
Fixed wireless service	6,417,302	1,231,651	5,080,590	1,702,228
Total	6,510,893	1,268,786	5,964,415	1,770,766

	Mobile wireless $	Fixed wireless $	Total $
Other segment information			
2009			
Acquisition of segment assets	-	1,709,173	1,709.173
Depreciation of segment assets	6,782	699,907	706,690
Amortisation of segment intangible assets	11,980	335,018	346,998
2008			
Acquisition of segment assets	13,941	1,171,661	1,185,602
Depreciation of segment assets	9,436	517,940	527,376
Amortisation of segment intangible assets	236,864	243,612	480,476

27. Related party transactions

(a) Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 25 to the financial statements.

(b) Key management personnel compensation

Details of specified key management personnel remuneration are disclosed in the remuneration report of the financial statements and in Note 7.

27. Related party transactions (cont'd)

Notes to the financial statements

(c) Key management personnel equity holdings

Fully paid ordinary shares of BigAir Group Limited

	Balance at 1 July	Granted as remuneration	Received on exercise of options	Ordinary shares acquired	Net other change	Balance at 30 June
	No.	No.	No.	No.	No.	No.
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
2008						
Nigel Jeffries	8,000,000	-	-	-	-	8,000,000
Vivian Stewart	-	-	-	7,361,704	-	7,361,704
Jason Ashton	9,579,718	-	-	-	-	9,579,718
Patrick Choi	6,482,411	-	-	-	-	6,482,411
	24,062,129	-	-	7,361,704	-	31,423,833

Executive share options of BigAir Group Limited

	Balance at 1 July	Received as remuneration	Exercised of options	Net other change	Balance at 30 June	Balance vested at 30 June	Vested but not exercisable	Vested and exerciseable	Options vested during year
	No.	No.	No.	No.	No.	No.	No.	No.	No.
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	-	-	-	-
	7,920,000	-	-	(2,160,000)	5,760,000	-	-	-	-
2008									
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	-	-	-	-
Matt McGuire	-	800,000	-	(800,000)	-	-	-	-	-
	7,920,000	800,000	-	(800,000)	7,920,000	-	-	-	-

27. Related party transactions (cont'd)

Notes to the financial statements

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 7 to the financial statements.

(e) Transactions with other related parties

Transactions between BigAir Group Limited (the Company) and its related parties

During the financial year, the following transactions occurred between the Company and its other related parties:

- BigAir Group Limited transferred overhead charges it had incurred on behalf of its subsidiary totalling $496,797 to its subsidiary.
- BigAir Group Limited received interest income of $302,667 from its subsidiaries on its intercompany loan receivable.

The following balance arises from transactions between the Company and its other related parties at reporting date:

- BigAir Group Limited held an intercompany loan of $2,199,719 due from its subsidiary. This loan was fully impaired as at 30 June 2009.

All amounts advanced to or payable to related parties are unsecured and are subordinate to other liabilities. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties, however the intercompany loan noted above remains fully impaired.

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

28. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, 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 cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Cash and cash equivalents	2,046,375	1,662,245	1,978,441	1,083,927

(b) Non-cash financing and investing activities

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.

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

(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		Company	
	2009 $	2008 $	2009 $	2008 $
Profit/(loss) for the year	1,013,658	(2,353,564)	1,772,489	(3,456,623)
Depreciation of non-current assets	706,690	527,376	699,907	517,940
Amortisation of non-current assets	240,837	480,476	228,876	243,613
Impairment/(impairment reversal) of non-current assets	-	2,372,493	(558,768)	3,311,655
Equity settled share-based payment	34,800	-	34,800	-
(Increase)/decrease in deferred tax balances	255,859	(227,652)	177,375	(807,173)
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
Decrease/(increase) in assets:				
Current receivables and rental deposits	138,147	265,372	57,231	115,738
Current inventories	4,807	49,493	-	-
Other current assets	107,235	72,315	8,236	16,346
(Decrease)/increase in liabilities:				
Trade and other payables	(431,354)	(871,288)	110,634	784,458
Other current liabilities	(331,542)	(238,201)	(173,025)	45,022
Cash flows provided by operations	1,739,137	76,820	2,357,755	770,976

29. Financial instruments

(a) Capital risk management

The Group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to shareholders. The Group's overall strategy remains unchanged from 2009.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in notes 21, 22 and 23 respectively. The Group operates in Australia. None of the Group's entities are subject to externally imposed capital requirements.

29. Financial instruments (cont'd)

Notes to the financial statements

Operating cash flows are used to maintain and expand the Groups infrastructure assets.

The Group's policy is currently to not to borrow to meet operating requirements.

The Gearing ratio is 0%, as the Group does not have any borrowings.

(b) Categories of financial instruments

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Financial assets				
Trade and other receivables	177,044	315,191	176,672	233,903
Cash and cash equivalents	2,046,375	1,662,245	1,978,441	1,083,927
	2,223,419	1,977,436	2,155,113	1,317,830

(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 agreed to enter 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, resulting in no net risk to the Group. There were no hedges outstanding as at the end of the financial year.

(e) 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.

29. Financial instruments (cont'd)

Notes to the financial statements

(e) Interest rate risk management (cont'd)

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

2009	Weighted average effective interest rate %	Maturity dates Less than 1 year $	1-5 years $	More than 5 years $	Non interest bearing $	Total $
Financial assets:						
Cash and cash equivalents	2.6%	2,046,375	-	-	-	2,046,375
Trade and other receivables	-	-	-	-	177,044	177,044
		2,046,375	-	-	177,044	2,223,419

2008	Weighted average effective interest rate %	Maturity dates Less than 1 year $	1-5 years $	More than 5 years $	Non interest bearing $	Total $
Financial assets:						
Cash and cash equivalents	7.1%	1,662,245	-	-	-	1,662,245
Trade and other receivables	-	-	-	-	315,191	315,191
		1,662,245	-	-	315,191	1,977,436

(f) 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 and 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.

(g) 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.

Notes to the financial statements

(h) 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.

30. Subsequent events

Other than what is 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		Company	
	2009 $	2008 $	2009 $	2008 $
Broadband infrastructure				
Less than one year	500,171	-	500,171	-
	500,171	-	500,171	-

(a) Lease commitments

Non-cancellable operating lease commitments are disclosed in note 24 to the financial statements.

32. Contingent liabilities and contingent assets

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

Additional Securities Exchange information as at 30 June 2009

Number of holders of equity securities

Ordinary share capital

- 87,036,336 fully paid ordinary shares are held by 403 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

The Company has no restricted securities and securities subject to voluntary escrow.

On-market buy-back

The Company has no on-market buy-back.

Distribution of holders of equity securities

Holdings Ranges	Holders	Total Units	%
1-1,000	2	11	0.000
1,001-5,000	12	50,334	0.058
5,001-10,000	180	1,487,601	1.709
10,001-100,000	143	5,727,710	6.581
100,001-9,999,999,999	66	79,770,680	91.652
Totals	403	87,036,336	100.000

Substantial shareholders

	Fully Paid	
Ordinary shareholders	**Number**	**Percentage**
CLEVER COMMUNICATIONS AUSTRALIA LIMITED	11,326,353	13.013
JMAS PTY LTD	9,579,718	11.007
PRIVATE NOMINEES LIMITED	8,000,000	9.192
VORPAL PTY LIMITED	7,361,704	8.458
MR PATRICK CHOI	6,482,411	7.448
CULLINGRAL PTY LIMITED <WALLACE M ASHTON S/F A/C>	4,468,982	5.135

Additional stock exchange information as at 30 June 2009 (cont'd)

Twenty largest holders of quoted equity securities

	Fully Paid	
Ordinary shareholders	**Number**	**Percentage**
CLEVER COMMUNICATIONS AUSTRALIA LIMITED	11,326,353	13.013
JMAS PTY LTD	9,579,718	11.007
PRIVATE NOMINEES LIMITED	8,000,000	9.192
VORPAL PTY LIMITED	7,361,704	8.458
MR PATRICK CHOI	6,482,411	7.448
CULLINGRAL PTY LIMITED <WALLACE M ASHTON S/F A/C>	4,468,982	5.135
SYMMALL PTY LTD <MASTERMAN SUPER FUND A/C>	3,000,000	3.447
MR DAVID KEANE	2,609,687	2.998
MR ROBERT GILLAN	2,076,346	2.386
D S J INVESTMENT FUND PTY LTD <SUPER FUND A/C>	2,040,000	2.344
MR KARL WILLIAM VIZVARY	1,789,374	2.056
ROCKEND PTY LTD <BALLS HEAD PENSION FUND A/C>	1,661,933	1.909
LAI SUN KEANE	1,138,904	1.309
MR WILLIAM FORSYTH	1,071,460	1.231
E-PAY ASIA LIMITED	1,054,217	1.211
CARFORE PTY LIMITED	871,604	1.001
SHELLAC LTD	793,674	0.912
BESTFIELD COMPANY	793,595	0.912
MR BEN LOITERTON	778,420	0.894
MR CURTIS RONDEAU	753,528	0.866
	67,651,910	77.728

Company Secretary

Patrick Choi

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