

BROAD INVESTMENTS LIMITED

ACN 087 813 090

22 February, 2016

Mr Andrew Weaver
Senior Adviser, Listings Compliance (Sydney)
20 Bridge Street
Sydney NDSW 2000

Dear Andrew

Re: Broad Investments Ltd – ASX Aware Query and Query Re Continued Suspension

We refer to your letter on 27 November 2015 which raises three matters:

- (i) The commencement of Proceedings by Mr Bardel
- (ii) The restructure of the Mirrus business
- (iii) The commencement of proceedings by the ATO against a subsidiary

It should be noted that the Announcement was merely stating the facts of the Proceedings in the Supreme Court brought on by Steve Bardel.

Nevertheless, the Company respond as follows, in sequence with the questions raised:

1. (a) The Company considers that the commencement of the Proceedings by a director against the Company to be information that a reasonable person would expect to have a material effect on the price and value of its securities.
 - (b) The Company considers that if all of the facts are known, the restructure of the Mirrus business to be information that a reasonable person would expect to have a material effect on the price and value of the Company's securities.
 - (c) The Company considers notification of winding up action by the ATO against a wholly owned subsidiary, Unified Business Communications Group (UBCG) not to have a material effect on the price and value of the Company's securities.
2. With respect to 1(a), an answer is not applicable here. However, an answer is provided in Item 3 below.

With respect to 1(b), the Company's view is based on the following:

The Company believes that at the time of the restructure the Mirrus business was not material to the operations of the Company. It was not the main undertaking, nor a significant part of Broad Investments Group. Mirrus essentially had AAPT as its only customer. After AAPT's acquisition by TPG, the workload outsourced to Mirrus reduced considerably and the Mirrus business in May 2015 constituted a very small, loss making, insignificant and immaterial part of the Group. Its restructure has minimal impact on the bottom line going forward. In the 2 months before the

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restructure, Mirrus' annualised turnover was less than \$200K (and diminishing) against Broad Group's expected annual turnover of over \$15-18 Million. It constituted about 1.0% of the Group's turnover but occupied substantially more of management time.

In any event, the Company does not believe that the question as to what a reasonable person would consider is relevant to the Mirrus restructure for the following reasons:

On 14 May 2015 the Company made an announcement to the market and under heading '**Restructure of Mirrus & UBCG Businesses**', stated:

"Following the acquisition of MyMac, the board has reviewed its operations and businesses and as part of a continued effort to improve bottom line, it has discontinued its Mirrus operations in Melbourne and merged it within its facilities and offerings by its subsidiary Unified Business Communications Group (UBCG) in Sydney. The closure of its warehouse in Melbourne and the reduction of seven staff members should further improve the bottom line and make up for the reduction of installation and service and repair work from AAPT, since its acquisition by TPG. It is anticipated that staff in Sydney may be increased over time to cope with the merger of activities into UBCG."

This release was made approximately six (6) months prior to the Announcement of 18 November, 2015.

The market was already fully informed and aware of the substance of the matters referred to with respect to Mirrus via the announcement to the ASX on 14 May, 2015. In addition, reference to the same information was repeated several times in various forms in the Preliminary Final Accounts lodged by the Company on 23 September, 2015, in the following sections:

- (i) **Commentary on 2015 Results** on page 2,
- (ii) **Principal Activity and Significant Changes in Nature of Activities** on page 4.
- (iii) **Operating Results and Review of Operations For the Year** on page 4, where it was mentioned that the Net write back of expenses resulting from rationalisation was \$901,632.
- (iv) **Acquisitions and rationalisations** on page 6.
- (v) **Statement of Comprehensive Income** on page 13, wherein reference is made to "*Mirrus Holdings Pty Limited – DOCA contribution of \$300,000*". The reference to a DOCA here is clearly as a result of Voluntary Administration, confirming our statement above that the market was already sufficiently informed and any reasonable person with reasonable knowledge of financial information and having read the Accounts would be aware of that. Further the section also refers to "*Reversal of suppliers and loan liabilities no longer payable – Mirrus - \$1,201,632*" and further explained in Note 5 to the Accounts on page 36.
- (vi) **Major customer** on page 44, where reference is made to "*these operations ceased in the 2015 year... Going forward, the Company's Apple reseller operation.... will be the major business of the Company*", implying that Mirrus was no longer material or significant.

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The restructure and discontinuation of that business cut losses and improved the Group's performance going forward and in the opinion of the Company that information is what was of substance and important for the market. The Company believes that it was irrelevant as to how the restructure had occurred but as to what it had achieved.

With respect to the ATO winding up action, many junior ASX listed companies have disputes and disagreements with creditors, including the ATO, that often lead to a winding up action being commenced, but these are often resolved, withdrawn or unsuccessful and never get released to the market because they are not material and considered as part of any normal business activity. In this case also, the ATO winding up action was not successful, had no impact on the Company or the Group and did not interfere with the restructure and reorganisation of Mirrus.

When the release on 14 May, 2015 was made, the share price remained unchanged, supporting the Company's view that the Mirrus restructure was not material or that it would impact on the price or value of the Company.

With respect to 1(c), the Company's view is based on the following:

UBCG, despite having considerable potential, was at the time also a very small part of the business of the Broad Group, and it was not material to the overall performance of the Company. In fact, that was one of the reasons that any residual Mirrus business that was worthwhile and could be salvaged, was merged into UBCG as part of the restructure of Mirrus. This was stated in the Company's release on 14 May, 2015, which was 6 months before the Announcement. Further, facts about UBCG were also referred to in the Preliminary Final Accounts lodged on 23 September, 2015.

However, in relation to the ATO's winding up application against UBCG, it is clear that those winding up proceedings against UBCG were settled by agreement soon after they were commenced and dismissed on 10 November, 2015. As stated above, and despite UBCG having potential to grow, at the time the Company considered UBCG having minimal impact on the operations of the Group. Also, the Company was confident of settling the matter with the ATO. But just as importantly, it is considered not material, because it is normal business practice and operation to negotiate positions with a creditor should a claim arise.

- 3 With respect to 1(a), the Supreme Court Proceedings, the Company was made a party to the Proceedings brought by Mr Bardel on 16 November 2015. It became aware of it on that day. On 17 November 2015 the Company sought legal advice about the matter. On 18 November the Company released the Announcement to the market.
4. The Company believes the announcement about the Company being joined in the Proceedings was made in a timely manner.
5. The Company confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1

Continued Suspension:

In relation to the continued suspension of the Company's securities arising from its failure to lodge its audited accounts for the Year Ended 30 June, 2015, the Company wishes to advise that it is endeavouring to complete same at the earliest possible and

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is hopeful to be able to lodge the said accounts and request re-quotation together with the Half Year Accounts ended 31 December, 2015.

Needless to say the dispute with and the legal action commenced by Steve Bardel, who runs the Company's MyMac operations, is distracting the Company from its focus to grow its business and complete accounts in a timely manner.

However, the greatest obstacle to completing the accounts, which has recently arisen is about the uncertainty about the future of the MyMac business that is dependent upon suppliers and Apple continuing their support. The current situation does not engender confidence amongst existing shareholders, potential investors and in the relationship with suppliers. Whilst the Company is working to address that situation quickly, the Board has been reluctant to sign off on accounts until it has some certainty that the projections going forward are sustainable and that shareholders and the market can be given accurate information in respect to the Company's operations and the continuing support of the key suppliers and Apple going forward.

The Company is hopeful that the dispute will be resolved by the end of April, 2016, either by negotiation or by court orders. Meanwhile, the Company is working to bring about, if possible, its own resolution as soon as practicable.

It is rare for the Company to be late with its reporting obligations. The Company believes it has the necessary skills and arrangements in place to ensure future reporting obligations are complied with in a timely manner and expects to be able to do so, once the current situation is resolved.

Vaz Hovanessian
Chairman
Broad Investments Limited



15 February 2016

Mr Vaz Hovanesian
Chairman
Broad Investments Limited
Lower Level, 15 Whiting Street
Artarmon NSW 2064

By email: vaz@bigpond.net.au

Dear Mr Hovanesian,

Failure to respond to ASX's letter dated 27 November 2015

We refer to ASX's letter to Broad Investments Limited (the "Company") dated 27 November 2015, a copy of which is attached.

ASX has attempted to contact you on numerous occasions to find out when we could expect a response to that letter, including emails on 5 and 11 February 2016.

The Company's failure to respond to ASX's letter is a breach of Listing Rule 18.7.

Please be advised that if we do not receive a response to our letter by Friday 19 February 2016, ASX will consider removing the Company from the Official List under Listing Rule 17.12 for willful breach of the Listing Rules.

Continued Suspension

We note that the securities of the Company were suspended from official quotation on 1 October 2015 under Listing Rule 17.5 for failing to lodge its accounts for the year ended 30 June 2015 ("Full Year Accounts") under Listing Rule 4.5 by the due date.

As explained in section 4.23 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*:

Where an entity has been suspended from quotation under [Listing Rule 17.5] for breaching an ASX Listing Rule, ASX will expect the entity to make an immediate announcement to the market to that effect, explaining the reason for the breach and when the entity expects to be in a position to rectify the breach so that trading in its securities can resume.

We are writing to you because you have not complied with this guidance. Accordingly, we ask that you answer each of the following questions:

1. Please explain why the Full Year Accounts were not lodged by the due date.
2. When does the Company expect to be able to lodge the Full Year Accounts so that trading in its securities can resume?



3. What arrangements does the Company have in place, or propose to put in place, to ensure that it will be able to comply with its reporting obligations under the Listing Rules in a timely manner in the future?

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than Friday, 19 February 2016. If the Company is unable to provide a response to this letter, and the Aware Letter sent to the Company on 27 November 2015, ASX will have no alternative but to consider removal of the Company under Listing Rule 17.12 as it would appear that the Company is unable or unwilling to comply with ASX's requests for information.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by email. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

ASX would remind the Company that its obligation to comply with the Listing Rules, and in particular the continuous disclosure requirements in Listing Rule 3.1, is not affected by the suspension of its securities from quotation (see Listing Rule 18.6).

Should the Company's suspension from quotation continue, ASX would also remind it of the recommendation in section 4.23 of Guidance Note 8 that it implement a system of periodic (monthly or quarterly) disclosures to ensure that the market and its security holders are provided with regular updates as to its status and, in particular, the plans it may have for trading in its securities to resume and its progress in implementing those plans. If the Company fails to make such disclosures voluntarily at least quarterly, it may be required by ASX to provide such information to ASX for release to the market.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Andy Weaver
Senior Adviser, Listings Compliance (Sydney)



27 November 2015

Mr Vaz Hovanesian
Chairman
Broad Investments Limited
Lower Level, 15 Whiting Street
Artarmon NSW 2064

By email: vaz@bigpond.net.au

Dear Mr Hovanesian,

Broad Investments Limited (the Company): ASX Aware Query

ASX Limited (ASX) refers to the following:

1. The Company's announcement of 18 November 2015 titled "*Company Update on Supreme Court Action*", which announced that the Company had been included as a defendant in a legal action before the Supreme Court of NSW (Court) (the Announcement).
2. Among other things, the Announcement advised the following:
 - 2.1. *Its wholly owned subsidiary, Mirrus Holdings Pty Ltd (Mirrus) was the subject of a winding up application by the Australian Taxation Office and that on 8 May 2015, Mirrus was placed into Voluntary Administration which resulted in the Company (sic) entering into a Deed of Company Arrangement (DOCA).*
 - 2.2. *Its wholly owned subsidiary, Unified Business Communications Group Pty Ltd (UBCG) was the subject of a winding up proceedings filed by the Australian Taxation Office on 8 September, 2015.*
 - 2.3. *Following Mirrus entering into a Deed of Company Arrangement on 26 June, 2015, the control of Mirrus returned to its directors and the winding up proceedings against UBCG have been settled and dismissed on 10 November, 2015.*
3. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
4. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."



Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

5. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

5. ASX’s policy position on the concept of “confidentiality” which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “Listing Rule 3.1A.2 – the requirement for information to be confidential”*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Company consider the information contained in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. If the answer to question 1 is “yes”, when did the Company first become aware of the information?
4. If the answer to question 1 is “yes” and the Company first became aware of the information before the relevant date, did the Company make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Company took to ensure that the information was released promptly and without delay.



5. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (i.e. before 9:30am AEDT) on Wednesday, 2 December 2015. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Company to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Company's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Company's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;



- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

A handwritten signature in blue ink that reads 'Andy Weaver'.

Andy Weaver

Senior Adviser, Listings Compliance (Sydney)