

BigAir Group Limited
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BigAir Group Limited Appendix 4D

Announces EBITDA profit of \$116k and seventy per cent growth in "on-net" revenues for the half year ending 31 December 2007

SYDNEY, Australia – February 20th, 2008 – BigAir Group Limited (ASX:BGL) announced today its maiden EBITDA profit of \$116,067 for the recently completed half year ending 31 December 2007, an improvement of 122% on the previous corresponding half year period. The result was achieved through a combination of 70% organic growth in "on-net" revenues from ongoing customer acquisition across its recently expanded fixed WiMAX wireless networks in Sydney, Melbourne and Brisbane and also through a reduction in operating expenses. Revenues in mobile wireless services which utilise other carrier's networks ("off-net") declined during the period reflecting the company's increased focus on its own wireless broadband infrastructure. and reduced focus on reselling other networks. The realignment of sales efforts to selling higher margin fixed broadband services delivered using its own WiMAX enabled networks has also helped deliver an 18% reduction in Cost of Sales and a 20% reduction in operating expenses compared to the previous corresponding period.

		Half-year ended 31-Dec-07 \$	Half-year ended 31-Dec-06 \$	Movement \$
Fixed "On-net" Revenue	▲ 70%	1,672,257	986,207	686,050
Mobile "Off-net" Revenue	▼ -28%	2,653,602	3,669,848	(1,016,246)
Total Revenue		4,325,859	4,656,055	-330,196
Gross Profit	▲ 14%	1,809,260	1,580,740	228,520
Gross Profit Margin (% Rev)		42%	34%	8%
Operating Expenses	▼ -20%	1,693,193	2,123,416	(430,223)
EBITDA	▲ 122%	116,067	(535,273)	651,340
Loss after Tax (before Impairment)	▼ -66%	(272,387)	(806,536)	534,149

Consistent with the company's strategy to increase the share of "on-net" revenues the total Gross Profit on revenue was increased by 14% to \$1.81 million. In addition the

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Gross Profit Margin as a percentage of total revenues increased to 42% from 34% in the previous corresponding period. Management expects the gross profit margin improvement to continue in the second half. The 70% organic growth during the period in fixed "on-net" wireless revenues versus the previous corresponding period is a pleasing result and bodes well for the recent expansion of the companies' networks in to the Melbourne and Brisbane business markets.

Reduction in Operating Expenses of 20%

During the half year the company has undertaken a significant realignment of its sales and marketing activities in order to focus on selling its own high margin, business-grade fixed broadband services. These services contribute a much higher average revenue per business customer (approx \$900 per customer per month) versus its mobile wireless customers (approx \$53 per customer per month) and they utilise BigAir's recently expanded fixed WiMAX wireless networks covering the major metropolitan areas of Sydney, Melbourne and Brisbane. This realignment of sales efforts and other cost saving measures helped deliver a 24% reduction in sales and marketing expenses along with an 18% reduction in employee expenses and 21% reduction in General Administration expenses compared to the prior corresponding period, resulting in an overall 20% reduction in operating expenses.

Operating Expenses comparison			Half-year ended 31-Dec-07 \$	Half-year ended 31-Dec-06 \$	Movement \$
Employee benefits expense	▼	18%	(796,922)	(973,534)	(176,612)
Sales and marketing expense	▼	24%	(362,860)	(478,150)	(115,290)
General administration expense	▼	21%	(478,035)	(607,088)	(129,053)
Occupancy costs	▼	3%	(55,376)	(57,241)	(1,865)
Finance costs	▼	100%	0	(7,403)	(7,403)
Total Operating Expenses	▼	20%	(1,693,193)	(2,123,416)	(430,223)

Division Results – Continuing focus on Fixed Wireless "on-net" Revenues

The Fixed Wireless division revenues increased by 70% to approx \$1.7 million in the six month period under review and its gross profit contribution increased by 143%. Due to strong customer growth and its network ownership which provides a fixed cost structure the margins generated in this division have increased further. 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. The BigAir network was expanded to Melbourne and Brisbane during the period and upgraded to 802.16d compliant fixed WiMAX technology, the first large scale deployment of this kind in a major metropolitan market in Australia. BigAir's

802.16d technology has the ability to establish high speed wireless connections over distances up to 30km avoiding the need to deploy costly fibre or cable to reach under serviced suburban areas. BigAir's successful WiMAX deployments enable a larger wireless footprint per base station and are more efficient than older wireless networks. The total network footprint is now approaching 10,000 square kilometre's and these networks are used to deliver broadband and data services to the SME and Corporate markets through its direct sales team and also its wholesale and reseller partnerships.

Fixed Wireless ("on-net") Division		Half-year ended 31-Dec-07	Half-year ended 31-Dec-06	Movement
		\$	\$	\$
Fixed Wireless Revenue ("on-net")	▲ 70%	1,672,257	986,207	686,050
Fixed Wireless GP \$ ("on-net")	▲ 143%	1,330,740	546,942	783,798
Fixed Wireless GP % ("on-net")	▲ 43%	80%	55%	

As stated previously the company has deliberately realigned its sales and marketing efforts around its "on-net" Fixed Wireless offerings and has reduced its investment in sales and marketing in the mobile wireless market. As a result of this change in focus and increasing competition in this sector the revenue from the Mobile Wireless division declined by 28% versus the previous corresponding period. The Company continues to maintain an iBurst and Unwired offering which provides mobile data coverage in Sydney, Melbourne, Brisbane, Canberra, Adelaide, Perth and the Gold Coast. Due to the reduction in revenue along with the reduction in ongoing sales and marketing efforts within the BigAir Group, the Board has reviewed the carrying value of the goodwill in relation to its Veritel subsidiary which contains the mobile businesses and has made a goodwill impairment of \$970,000. Following this impairment the carrying amount of goodwill as at the balance sheet date has been reduced to \$1,286,645.

Mobile Wireless ("off-net") Division		Half-year ended 31-Dec-07	Half-year ended 31-Dec-06	Movement
		\$	\$	\$
Mobile Wireless Revenue ("off-net")	▼ -28%	2,653,602	3,669,848	(1,016,246)
Mobile Wireless GP \$ ("off-net")	▼ -54%	478,520	1,033,058	(554,538)

The company has also completed its financial systems upgrade and billing and business support systems (BSS) upgrades which were commenced in the previous financial year. This now allows the company to scale its business without corresponding increases in capital expenditure and operating costs.

Financial Performance

The improvements in Gross Profit and reduction in Operating Expenses previously mentioned resulted in a \$651,340 improvement in EBITDA, which was positive \$116,067. Below the EBITDA line amortisation expenses reduced by 34% on the previous corresponding period and depreciation remained stable. These results combined to deliver a 66% improvement in the Net Loss after Tax before Impairment (ie. not including the non-cash item for impairment of goodwill of the Veritel asset).

		Half-year ended 31-Dec-07 \$	Half-year ended 31-Dec-06 \$	Movement \$
EBITDA	▲ 122%	116,067	(535,273)	651,340
less Depreciation	▼ -1%	(235,459)	(238,860)	3,401
less Amortisation	▼ -34%	(249,623)	(380,315)	130,692
Income Tax Benefit and Other Revenue	▼ -72%	96,628	347,912	-251,284
Loss after Tax (before Impairment)	▼ -66%	(272,387)	(806,536)	534,149

Business Outlook and Guidance

The company has now completed the realignment of its sales and marketing activities in order to focus on selling its own high margin, business-grade fixed broadband services. The focus of the management and staff is now around driving new revenues on its "on-net" fixed WiMAX wireless broadband networks. Increasing utilisation of these networks will continue to drive growth in Gross Profit contributions from its high margin Fixed Wireless division. Sales and marketing expenses are expected to remain stable in the second half of the financial year.

About BigAir Group Limited

BigAir owns and operates Australia's largest metropolitan fixed WiMAX* broadband network.

The Australian business market comprises nearly one million businesses and BigAir's network provides blanket coverage across its three largest cities Sydney, Melbourne, and Brisbane. BigAir sells broadband and data services directly to business customers and also partners with other IT service companies who have existing relationships with business customers in order to deliver BigAir's high speed, cost effective WiMAX* broadband solutions.

BigAir's competitive advantage includes its state-of-the-art WiMAX* network which allows it to install business-grade symmetric broadband services at speeds up to 100Mbps with installation taking just a few hours. Most of BigAir's competitor's rely on access to Telstra's copper network which can takes weeks to install a service and does not deliver fast symmetric speeds. Competing legacy wireless networks such as the 3G mobile phone networks are also not nearly fast enough to meet the demands of business Internet users in an office environment.

As the first Australian company to deliver fixed WiMAX* services in the major metropolitan markets BigAir has extensive expertise in the design and deployment of wireless broadband systems and is widely regarded as a leader in the wireless broadband sector. The company also offers email and web hosting as well as data centre co-location services. For more information, please visit www.bigair.com.au.

* WiMAX™, and WiMAX Forum™ are trademarks of the WiMAX Forum

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For investor relations enquiries please contact:

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BigAir Group Limited

ACN 098 572 626

Half-year financial report for the half-year ended 31 December 2007

BigAir Group Limited

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Results for announcement to market

Current reporting period – half year ended 31 December 2007

Previous reporting period – half year ended 31 December 2006

Results				A\$
Revenues from ordinary activities	Down	7%	To	4,325,859
Loss after tax attributable to members	Up	52%	To	(1,242,387)
Net loss for the period attributable to members	Up	52%	To	(1,242,387)

Dividends (distributions)	Amount per security	Franked amount per security
<i>Current period</i>		
Interim dividend declared	0.0 ¢	0.0 %
Final dividend paid	0.0 ¢	0.0 %
<i>Previous corresponding period</i>		
Interim dividend declared	0.0 ¢	0.0 %
Final dividend paid	0.0 ¢	0.0 %
Record date for determining entitlements to the dividend.	N/A	
The last date(s) for receipt of election notices for the dividend or distribution plans	N/A	

Brief explanation of revenue, net profit and dividends (distributions).

The results for the period include the following:

During the period, the Group assessed the recoverable amount of goodwill, and determined that the Goodwill associated with the Group's mobile wireless operation was impaired by \$970,000 (2006: nil).

If this goodwill impairment had not occurred, the loss after tax attributable to shareholders as compared to the prior period result of \$(813,939) would have reduced 66% to \$(272,387).

See the review of operations in the directors' report included in the financial statements for more information.

BigAir Group Limited

Other information required to be given to ASX under listing rule 4.2A.3

1. Net tangible assets per security	Current period	Previous corresponding Period (31 December 2006)
Net tangible assets per security (cents)	2.2 cents	3.4 cents

2. Details of entities over which control has been gained or lost during the period

No control was gained or lost over any entities during the period.

3. Details of dividend payments

No dividends have been paid during the period.

4. Dividend re-investment plan

No dividend re-investment plan is in operation.

5. Associates or joint ventures

The Group had no associates or joint ventures during or at the end of the period.

6. Audit/review

The financial statements are not subject to review dispute or qualification.

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Directors' report

The directors of BigAir Group Limited and its subsidiary ("the Group") submit herewith the financial report for the half-year ended 31 December 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the half-year are:

- Anthony Tobin
- Shane Allan
- Anne Lenagan
- Jason Ashton
- Nigel Jeffries
- Danny Herceg
- Ray Catelan
- Patrick Choi
- Ross McColl

The above named directors held office of the company during and since the end of the half-year except for:

Anthony Tobin – resigned 27 July 2007

Shane Allan – resigned 27 July 2007

Anne Lenagan – resigned 27 July 2007

Danny Herceg – appointed 27 July 2007

Patrick Choi – appointed 27 July 2007

Ray Catelan – appointed 27 July 2007 and resigned 9 January 2008

Ross McColl – appointed 9 January 2008

Review of operations

BigAir Group Limited announced today its maiden EBITDA profit of \$116,067 for the recently completed half year ending 31 December 2007, an improvement of 122% on the previous corresponding half year period. The result was achieved through a combination of 70% organic growth in "on-net" revenues from ongoing customer acquisition across its recently expanded fixed WiMAX wireless networks in Sydney, Melbourne and Brisbane and also through a reduction in operating expenses. Revenues in mobile wireless services which utilise other carrier's networks ("off-net") declined during the period reflecting the company's increased focus on its own wireless broadband infrastructure and reduced focus on reselling other networks. The realignment of sales efforts to selling higher margin fixed broadband services delivered using its own WiMAX enabled networks has also helped deliver an 18% reduction in Cost of Sales and a 20% reduction in operating expenses compared to the previous corresponding period.

BigAir Group Limited

Directors' report (cont'd)

Review of operations (cont'd)

		Half-year ended 31-Dec-07 \$	Half-year ended 31-Dec-06 \$	Movement \$
Fixed "On-net" Revenue	▲ 70%	1,672,257	986,207	686,050
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Consistent with the company's strategy to increase the share of "on-net" revenues the total Gross Profit on revenues was increased by 14% to \$1.81 million. In addition the Gross Profit Margin as a percentage of total revenues increased to 42% from 34% in the previous corresponding period. Management expects the gross profit margin improvement to continue in the second half. The 70% organic growth during the period in fixed "on-net" wireless revenues versus the previous corresponding period is a pleasing result and bodes well for the recent expansion of the companies' networks in to the Melbourne and Brisbane business markets.

Reduction in Operating Expenses - 20% from Previous Corresponding Period

In the previous half year the company has undertaken a significant realignment of its sales and marketing activities in order to focus on selling its own high margin, business-grade fixed broadband services. These services contribute much higher average revenue per business customer (approx \$900 per customer per month) versus its mobile wireless customers (approx \$53 per customer per month) and they utilise BigAir's recently expanded fixed WiMAX wireless networks covering the major metropolitan areas of Sydney, Melbourne and Brisbane. This realignment of sales efforts and other cost saving measures helped deliver a 24% reduction in sales and marketing expenses along with an 18% reduction in employee expenses and 21% reduction in General Administration expenses compared to the prior corresponding period, resulting in an overall 20% reduction in operating expenses.

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BigAir Group Limited

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Business Outlook and Guidance


The company has now completed the realignment of its sales and marketing activities in order to focus on selling its own high margin, business-grade fixed broadband services. The focus of the management and staff is now around driving new revenues on its "on-net" fixed WiMAX wireless broadband networks. Increasing utilisation of these networks will continue to drive growth in Gross Profit contributions from its high margin Fixed Wireless division. Sales and marketing expenses are expected to remain stable in the second half of the financial year.

Auditor's independence declaration

The auditor's independence declaration is included on page 8 of the half-year financial report.

Signed in accordance with a resolution of the directors made pursuant to s.306 (3) of the Corporations Act 2001.

On behalf of the directors



Danny Herceg
Non-Executive Chairman
Director

Sydney, 20 February 2008

The Board of Directors
BigAir Group Limited
Level 3
59 Buckingham Street
Surry Hills NSW 2010

20 February 2008

Dear Sirs

BigAir Group Limited

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

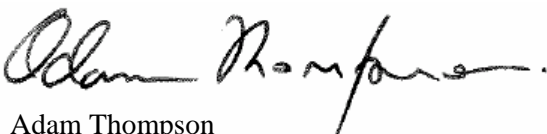
As lead audit partner for the review of the financial statements of BigAir Group Limited for the half-year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Adam Thompson
Partner
Chartered Accountants

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Independent Auditor's Review Report to the Members of BigAir Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BigAir Group Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BigAir Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Auditor's Independence Declaration

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


Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Adam Thompson
Partner
Chartered Accountants
Sydney, 20 February 2008

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BigAir Group Limited

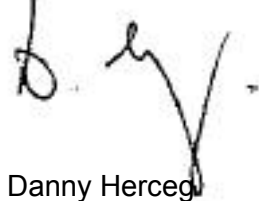
Directors' declaration

The directors declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- 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 giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the directors



Danny Herceg
Non-Executive Chairman
Director

Sydney, 20 February 2007

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BigAir Group Limited

Condensed consolidated income statement for the half-year ended 31 December 2007

	Consolidated	
	Half-Year Ended 31 December 2007 \$	Half-Year Ended 31 December 2006 \$
Continuing operations		
Revenue	4,325,859	4,656,055
Cost of sales	(2,516,599)	(3,075,315)
Gross profit	1,809,260	1,580,740
Other revenue	55,754	117,697
Employee benefits expense	(796,922)	(973,534)
Sales and marketing expense	(362,860)	(478,150)
General administration expense	(478,035)	(607,088)
Depreciation and amortisation expenses	(485,082)	(619,175)
Impairment expenses	(970,000)	-
Occupancy costs	(55,376)	(57,241)
Finance costs	-	(7,403)
Loss before tax	(1,283,261)	(1,044,154)
Income tax benefit	40,874	230,215
Loss for the period attributable to members of the parent entity	(1,242,387)	(813,939)
Earnings per Share:		
Basic (cents per share)	(1.4)	(1.0)
Diluted (cents per share)	(1.4)	(1.0)

Notes to the financial statements are included on pages 16 to 17

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BigAir Group Limited

Condensed consolidated balance sheet as at 31 December 2007

	Consolidated	
	31 December 2007 \$	30 June 2007 \$
Current Assets		
Cash and cash equivalents	1,402,034	2,771,147
Trade and other receivables	484,216	547,436
Inventories	30,634	56,755
Other	217,056	192,294
Total Current Assets	2,133,940	3,567,632
Non-Current Assets		
Trade and other receivables	34,080	33,127
Property, plant and equipment	1,738,609	1,337,970
Deferred tax assets	1,694,933	1,649,565
Goodwill	1,286,645	2,256,645
Other intangible assets	410,324	582,529
Total Non-Current Assets	5,164,591	5,859,836
Total Assets	7,298,531	9,427,468
Current Liabilities		
Trade and other payables	1,585,679	2,354,577
Income received in advance	408,026	525,678
Total Current Liabilities	1,993,705	2,880,255
Total Liabilities	1,993,705	2,880,255
Net Assets	5,304,826	6,547,213
Equity		
Issued capital	10,543,251	10,543,251
Reserves	161,237	161,237
Accumulated losses	(5,399,662)	(4,157,275)
Total Equity	5,304,826	6,547,213

Notes to the financial statements are included on pages 16 to 17

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BigAir Group Limited

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2007

	Fully paid ordinary shares \$	Option premium on convertible notes \$	Employee equity- settled benefits \$	Accumulate d losses \$	Total \$
Balance at 1 July 2006	10,221,568	22,513	56,859	(2,214,128)	8,086,812
Loss for the period	-	-	-	(813,939)	(813,939)
Total recognised income and expense	-	-	-	(813,939)	(813,939)
Issue of shares to advisor on public offering	311,000	-	-	-	311,000
Share based payments	-	-	56,839	-	56,839
Settlement of convertible notes	22,513	(22,513)	-	-	-
Balance at 31 December 2006	10,555,081	-	113,698	(3,028,067)	7,640,712
Balance at 1 July 2007	10,543,251	-	161,237	(4,157,275)	6,547,213
Loss for the period	-	-	-	(1,242,387)	(1,242,387)
Total recognised income and expense	-	-	-	(1,242,387)	(1,242,387)
Balance at 31 December 2007	10,543,251	-	161,237	(5,399,662)	5,304,826

Notes to the financial statements are included on pages 16 to 17

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BigAir Group Limited

Condensed consolidated cash flow statement for the half-year ended 31 December 2007

	Consolidated	
	Half-year ended 31 December 2007 \$	Half-year ended 31 December 2006 \$
Cash flows from operating activities		
Receipts from customers	4,541,862	4,983,067
Payments to suppliers and employees	(5,345,122)	(5,138,964)
Interest received	55,989	117,697
Interest and other costs of finance paid	-	(2,742)
Net cash used in operating activities	(747,271)	(40,942)
Cash flows from investing activities		
Payments for intangible assets	-	(272,642)
Payments for plant and equipment	(621,842)	(405,124)
Net cash used in investing activities	(621,842)	(677,766)
Cash flows from financing activities		
Repayment of debt securities	-	(250,000)
Repayment of borrowings	-	(150,000)
Repayment of deposits	-	2,400
Net cash used in financing activities	-	(397,600)
Net decrease in cash held	(1,369,113)	(1,116,308)
Cash and cash equivalents at the beginning of the half-year	2,771,147	5,003,303
Cash and cash equivalents at the end of the half-year	1,402,034	3,886,995

Notes to the financial statements are included on pages 16 to 17

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Notes to the condensed consolidated financial statements

1. Summary of accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended 30 June 2007.

Adoption of new and revised Accounting Standards

In the current year, there are no new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) effective for annual reporting periods beginning on or after 1 July 2007 that are relevant to the Group's operations. As a result, the issue of new and revised Standards and Interpretations by the AASB has not resulted in any change to the amounts reported in the current or prior years.

2. Segment information

The following is an analysis of the revenue and results for the period, analysed by business segment, being the Group's primary basis of segmentation.

	Segment revenue		Segment result	
	Half-year ended		Half-year ended	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
	\$	\$	\$	\$
Continuing operations				
Mobile wireless division	2,653,602	3,669,848	(1,149,530)	(433,929)
Fixed wireless division	1,672,257	986,207	388,419	(39,180)
	<u>4,325,859</u>	<u>4,656,055</u>	<u>(761,111)</u>	<u>(473,109)</u>
Interest	55,754	117,697	55,754	110,294
Head office costs	-	-	(577,904)	(681,339)
Consolidated revenue	<u>4,381,613</u>	<u>4,773,752</u>		
Loss before tax			(1,283,261)	1,044,154
Income tax benefit			40,874	230,215
Net loss for the period			<u>(1,242,387)</u>	<u>(813,939)</u>

The Mobile wireless division includes an amount recognised in profit or loss for impairment losses of \$970,000 for the period.

BigAir Group Limited

Notes to the condensed consolidated financial statements (cont'd)

3. Contingent liabilities and contingent assets

The business has no contingent liabilities or assets as at the end of the half-year financial period. Nor have there been any change in contingent liabilities or assets since the end of the last annual reporting date.

4. Goodwill

	Consolidated	
	Half-year ended 31 December 2007 \$	Half-year ended 31 December 2006 \$
Gross carrying amount		
Balance at beginning of half-year	2,586,645	-
Amount recognised from business combinations occurring during the half-year	-	2,586,645
Balance at end of half-year	2,586,645	2,586,645
Accumulated impairment losses		
Balance at beginning of half-year	(330,000)	-
Impairment losses for the period	(970,000)	-
Balance at end of half-year	(1,300,000)	-
Net book value		
Balance at beginning of half-year	2,256,645	-
Balance at end of half-year	1,286,645	2,586,645

During the half-year, the Group assessed the recoverable amount of goodwill, and determined that the goodwill associated with the Group's mobile wireless operation was impaired by \$970,000. The recoverable amount of the mobile wireless operation was assessed by reference to the cash-generating unit's value-in-use. The main factor contributing to the impairment of the cash-generating unit was the increase in competition and a growing focus on the fixed wireless business. No write-down of the other assets in the cash-generating unit was necessary.

The key assumptions used to determine the impairment loss in respect of goodwill associated with the Veritel mobile wireless operations cash-generating unit were:

- a gross margin of 23% on average over 5 years;
- decline in annual revenues based on average experienced customer churn rates; and
- a discount rate of 14%.

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