



ABN 23 009 112 725

Condensed Consolidated Financial Report

For the Half Year Ended 31 December 2012

Videlli Limited

For the Half Year Ended 31 December 2012

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Videlli Limited

Directors' Report for the Half Year Ended 31 December 2012

1. Directors

The names of the Directors in office at any time during or since the end of the half year are:

Names

C J Henson (Chairman)
D P Saville
M O Clarey

All Directors listed above have been in office since the start of the half year to the date of this report.

2. Review and Results of Operations

a. Dividends Paid or Recommended

The directors have not paid or proposed to pay dividends in respect of the current or comparative periods.

b. Review of Operations

The consolidated loss after income tax for the half year, attributable to members of Videlli Limited ('Videlli') was \$353,227 (31 December 2011: loss of \$7,478,378).

The other comprehensive income for the half year is \$4,999,760. This is materially driven by the revaluation of a financial asset held for sale at balance date. Please refer to note 5(b) to these financial statements for further details.

c. Changes in State of Affairs

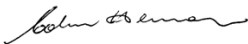
Other than the events detailed in notes 1(b) and 5 of this financial report, there were no significant changes in the state of affairs of the consolidated entity during the period.

3. Auditor's Independence Declaration

The auditor's independence declaration for the half year has been received and can be found on page 3 of the 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



Chairman
C J Henson

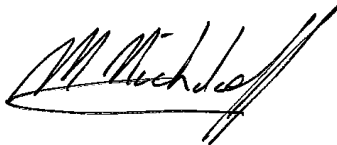
Sydney 7th March 2013

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

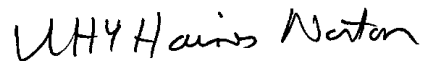
To the Directors of Videlli Limited and the entities it controlled during the half-year

I declare to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2012 there has been:

- (a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.



M. D. Nicholaeff
Partner
Sydney
7th March 2013



UHY Haines Norton
Chartered Accountants

Videlli Limited

Condensed Consolidated Statement of Comprehensive Income

For the Half Year Ended 31 December 2012

	Note	CONSOLIDATED	
		December	December
		2012	2011
		\$	\$
Continuing Operations			
Revenue	2	1,515	283,624
Total		1,515	283,624
Other labour and consulting costs		(100,000)	(100,000)
Finance costs		(10,281)	(5,180)
Directors & Officers Insurance		(68,250)	(65,542)
Share Registry Costs		(47,257)	(27,127)
Management Fees payable		-	(364,873)
Litigation legal fees		-	(2,130,000)
Litigation settlement	1(b), 4	-	(5,000,000)
Other expenses		(128,954)	(69,280)
Loss from continuing operations before income tax		(353,227)	(7,478,378)
Loss from continuing operations after income tax		(353,227)	(7,478,378)
Other comprehensive income			
Net gain on available for sale financial assets	5(b)	5,000,000	-
Foreign currency translation		(240)	59
Other comprehensive income for the period		4,999,760	59
Total comprehensive income / (loss) for the period		4,646,533	(7,478,319)
Loss for the period is attributable to:			
- Members of parent entity		(353,227)	(7,478,378)
		(353,227)	(7,478,378)
Total comprehensive income / (loss) for the period is attributable to:			
- Members of parent entity		4,646,533	(7,478,319)
		4,646,533	(7,478,319)

Notes to the condensed consolidated financial statements are included on pages 8 to 10.

Videlli Limited**Condensed Consolidated Statement of Financial Position**

As at 31 December 2012

		CONSOLIDATED	
	Note	December 2012 \$	June 2012 \$
ASSETS			
Current assets			
Cash and cash equivalents		5,645	73,728
Trade and other receivables		316,471	423,172
Other assets		40,277	35,417
		362,393	532,317
Assets of a disposal group classified as held for sale		5,000,000	-
TOTAL ASSETS		5,362,393	532,317
LIABILITIES			
Current liabilities			
Trade and other payables		239,012	197,136
Provisions		53,996	1,460,094
		293,008	1,657,230
Total current liabilities		293,008	1,657,230
Non-current liabilities			
Borrowings		26,131,378	24,583,613
TOTAL LIABILITIES		26,424,386	26,240,843
NET DEFICIENCY		(21,061,993)	(25,708,526)
EQUITY			
Issued capital	3	711,870,834	711,870,834
Reserves		4,992,211	(7,549)
Accumulated losses		(737,925,038)	(737,571,811)
Parent entity interest		(21,061,993)	(25,708,526)
TOTAL DEFICIENCY		(21,061,993)	(25,708,526)

Notes to the condensed consolidated financial statements are included on pages 8 to 10.

Videlli Limited**Condensed Consolidated Statement of Cash Flows**

For the Half Year Ended 31 December 2012

	CONSOLIDATED	
	December 2012 \$	December 2011 \$
Cash flows from operating activities		
Receipts from customers	-	247,722
Payments to suppliers and employees	(1,607,045)	(4,211,141)
Interest received	1,515	2,206
Finance costs	(10,281)	(5,180)
Net cash (used in) / provided by operating activities	(1,615,811)	(3,966,393)
Cash flows from financing activities		
Proceeds from borrowings	1,547,765	3,970,444
Net cash provided by / (used in) financing activities	1,547,765	3,970,444
Net increase in cash and cash equivalents	(68,046)	4,051
Cash and cash equivalents at the beginning of the financial period	73,728	4,705
Effect of exchange rate fluctuations on cash held in foreign currencies	(37)	98
Cash and cash equivalents at the end of the financial period	5,645	8,854

Notes to the condensed consolidated financial statements are included on pages 8 to 10.

Videlli Limited

Condensed Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2012

	CONSOLIDATED			Total
	Issued capital	Accumulated Losses	Reserves	
	\$	\$	\$	\$
Balance as at 1 July 2012	711,870,834	(737,571,811)	(7,549)	(25,708,526)
Changes				
Net loss for the period	-	(353,227)	-	(353,227)
Other comprehensive income	-		4,999,760	4,999,760
Total comprehensive income for the half-year	-	(353,227)	4,999,760	4,646,533
Deficiency as at 31 December 2012	711,870,834	(737,925,038)	4,992,211	(21,061,993)
Balance as at 1 July 2011	711,870,834	(729,962,026)	(9,164)	(18,100,356)
Changes				
Net loss for the period	-	(7,478,378)	-	(7,478,378)
Other comprehensive income	-		59	59
Total comprehensive income for the half-year	-	(7,478,378)	59	(7,478,319)
Deficiency as at 31 December 2011	711,870,834	(737,440,404)	(9,105)	(25,578,675)

The Condensed Consolidation Statement of Changes in Equity is to be read in conjunction with the notes to these financial statements

Videlli Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

Videlli Limited ('Videlli') is a company domiciled in Australia. The condensed consolidated half year financial report has been prepared for the six months ended 31 December 2012 comprising the Company and its subsidiaries (together referred to as the 'Group') and Group's interest in associate entities.

(a) Basis of Preparation

Statement of compliance

The condensed consolidated half year financial report is a general purpose financial report and been prepared in accordance with the requirements of Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Reporting Standard IAS 34 "Interim Financial Reporting".

The condensed consolidated half year financial report does not include all of the information required for a full financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2012.

In the current year, the group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's accounting policies reported for the current and prior reporting periods.

Reporting Basis

The condensed consolidated financial report has been prepared on the basis of historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which fair value basis of accounting has been applied. All amounts are presented in Australian dollars, unless otherwise noted.

The preparation of an interim financial report, in conformity with Australian Accounting Standards, requires management to make judgements, assumptions and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

A regular review is made of these estimates and underlying assumptions with any movements resulting from a change in the estimates being 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.

Significant Accounting Policies

For details of the Group's significant accounting policies, please refer to the Consolidated Annual Financial Report of the consolidated entity as at and for the year ended 30 June 2012.

(b) Going Concern

As at 31 December 2012 the Group's net asset position is a deficiency of \$21,061,993 the major element being the amounts owing to Vix Treasury Pty Ltd, who have provided funding for a now settled litigation as well as ongoing administrative funding.

The Group's ongoing commitments are in relation to operating expenditure for directors and compliance/regulatory activities. In relation to the operating expenditure, Videlli Limited entered into agreements designed to provide funding sufficient to cover its operating expenditure.

Videlli Limited has entered into an agreement with Vix Treasury Pty Ltd to financially support the Group with ongoing operational costs not part of the litigation funding agreement, known as the Administration Funding Agreement. This agreement is capped at \$450,000 and has a due date of 30 June 2014. Amounts drawn under this agreement to balance date total \$298,719. Management considers the undrawn amounts under this agreement, along with a receivable from a related party totalling \$316,471 sufficient to support Videlli Limited's operational costs until at least 31 March 2014.

Videlli and its subsidiary Integrated Transit Solutions Limited entered into a funding agreement with Vix Treasury Pty Ltd to fund the costs associated with the litigation in relation to the Sydney Integrated Ticketing System Project, which has now been settled. The agreed facility limit of this Agreement is \$26,010,916. During the half year to 31 December 2012, a further \$1,411,265 has been drawn under this facility, leaving an undrawn balance of \$178,257. Management have reviewed litigation legal costs expected in future and has established that nil costs are expected to be incurred.

The Litigation Funding Agreement repayment due date is the earlier of:

- (a) 30 June 2014, or such other date as the Borrower and the Lender may agree in writing; or
- (b) at the option of the Lender, the date of demand, following the occurrence of an Event of Default.

Events of Default are defined in the Agreement and are detailed in note 1(c) of the Group annual financial statements for the year ending 30 June 2012.

As a result of the above the Directors are of the opinion that it is appropriate for the financial report to be prepared on a going concern basis.

Videlli Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2012

		CONSOLIDATED	
		Dec 2012	Dec 2011
		\$	\$

2. REVENUE AND OTHER INCOME

Revenue

Continuing Operations

Interest income	1,515	2,206
Rental revenue	-	281,418
	1,515	283,624

3. ISSUED CAPITAL

CONSOLIDATED			
Dec 2012	Jun 2012	Dec 2012	Jun 2012
Number	Number	\$	\$

Movements in ordinary shares on issue:

Opening balance	860,567,383	860,567,383	711,870,834	711,870,834
At reporting date	860,567,383	860,567,383	711,870,834	711,870,834

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.

Terms and condition of ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Share Issues

No shares were issued during the current or comparative periods.

4. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

(a) Contingent assets and liabilities

Sydney Integrated Ticketing System Project (Tcard)

The litigation matter previously disclosed as a Contingent Asset and was settled on 1 February 2012 between all parties. Further background to this settlement can be found in the Directors' Report and note 20 of the Group's annual financial statements for the year ending 30 June 2012.

Videlli Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2012

5. SUBSEQUENT EVENTS

(a) Funding Agreements

Since the half year balance date of 31 December 2012, Videlli Limited and Vix Treasury Pty Ltd have signed agreements for the following:

(1) Extend the due date for repayment of amounts drawn under Litigation Funding Agreement from 30 September 2013 to 30 June 2014. All known payments in relation to the litigation legal costs have been paid and management does not expect any further payments to be made of a litigation legal nature in future. The provision for contract termination has a balance of nil at 31 December 2012. Please refer to note 1(b) for further details in relation to this agreement, facility limit, and amounts drawn to balance date.

(2) Extend the due date for repayment of amounts drawn under the Administrative Funding Agreement from 30 September 2013 to 30 June 2014. This agreement provides the Group with ongoing funding for operational costs not part of the litigation funding agreement. Please refer to note 1(b) for further details in relation to this agreement, facility limit, and amounts drawn to balance date.

(b) Planned sale of Videlli Limited's 1 ordinary share in Vix Mobility Pty Ltd

On or about 13 November 2012 Videlli Limited entered into a memorandum of understanding for the sale to Vix Holdings Ltd of its one ordinary share in Vix Mobility Pty Ltd. The memorandum of understanding provided that Videlli Limited would sell its share for \$5,000,000 subject to the purchaser completing due diligence. Subsequently, an independent experts report was commissioned. The independent expert valued the share in Vix Mobility Pty Ltd significantly less than the negotiated price of \$5,000,000. As a result of the independent valuation and agreed selling price of the one ordinary share, Videlli Limited has recognised the value of this share as \$5,000,000 in its accounts as at 31 December 2012 and represents the amount to be received from the impending sale as an asset of a disposal group classified as held for sale. Videlli Limited had previously recognised the value of this one ordinary share at nil.

On 28 February 2013 Videlli Limited entered into a share sale agreement with Vix Holdings Ltd for the sale of its one ordinary share in Vix Mobility for \$5,000,000 to Vix Holdings Ltd. The financial impacts of the sale will be included in the accounts of Videlli Limited at 30 June 2013.

6. DIVIDENDS

No dividends have been paid or proposed in respect of the current reporting period.

Videlli Limited

Directors' Declaration

For the Half Year Ended 31 December 2012

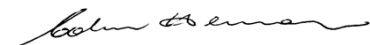
DIRECTORS' DECLARATION

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 s303(5) of the Corporations Act 2001.

On behalf of the directors



Chairman
C J Henson

Sydney 7th March 2013

Independent auditor's review report

To the members of Videlli Limited

Report on the condensed half-year financial report

We have reviewed the accompanying consolidated half-year financial report of Videlli Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2012, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising Videlli Limited (the company) and the entities it controlled at 31 December 2012 or from time to time during the half-year ended on that date.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a 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 2012 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 Videlli 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.

Independence

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

Conclusion

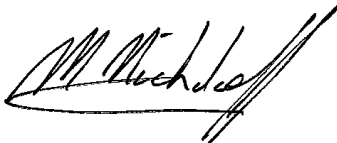
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Videlli Limited is not in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

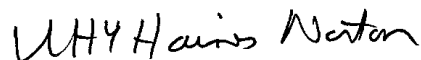
Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1(b) "Going Concern" in the financial report, which indicates that the consolidated entity net liability position as at 31 December 2012 is \$21,061,993, the major element being the amount owing to Vix Treasury Pty Ltd, who have provided funding for a now settled litigation as well as ongoing administrative expenses.

These conditions along with other matters set forth in Note 1(b) "Going Concern" give rise to a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern, and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



M. D. Nicholaeff
Partner
Sydney
7th March 2013



UHY Haines Norton
Chartered Accountants