



ABN 23 009 112 725

Condensed Consolidated Financial Report

For the Half Year Ended 31 December 2014

Videlli Limited

For the Half Year Ended 31 December 2014

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Videlli Limited

Directors' Report for the Half Year Ended 31 December 2014

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

T P Bateman (Appointed Alternate Director 28 October 2014. Also appointed Company Secretary 17 November 2014 - see below)

All Directors listed above except for T P Bateman who was appointed as an alternate director on the 28 October 2014 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 \$161,798 (31 December 2013: loss of \$126,150).

c. Changes in State of Affairs

No significant changes in the state of affairs of the consolidated entity during the half year.

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.

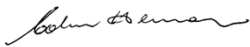
4. Company Secretary

Mr Timothy Bateman was appointed company secretary on 17 November 2014 and held the position of company secretary for the remainder of the half year ended 31 December 2014, responsible for managing all company secretarial matters.

Mr Angelo Bartzis resigned as company secretary on 17 November 2014. Mr Bartzis held the position of company secretary up until 17 November 2014

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

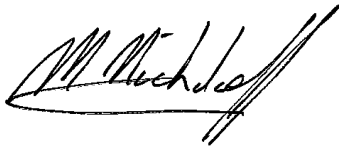
Sydney 20 February 2015

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

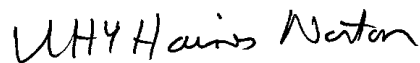
To the Directors of Videlli Limited

I declare to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2014 there have 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
20th February 2015



UHY Haines Norton
Chartered Accountants

Videlli Limited

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2014

	Note	CONSOLIDATED	
		December 2014	December 2013
		\$	\$
Continuing Operations			
Revenue	2	3,744	273
Total		3,744	273
Other labour and consulting costs		(17,540)	(61,384)
Finance costs		(10,000)	(10,000)
Directors & Officers Insurance		(37,000)	(37,000)
Share Registry Costs		(10,285)	(10,817)
Other expenses		(82,508)	(68,287)
Loss from continuing operations before income tax		(153,589)	(187,215)
Income tax benefit		(8,209)	61,065
Loss from continuing operations after income tax		(161,798)	(126,150)
Other comprehensive income			
Foreign currency translation		234	(2,726)
Other comprehensive income / (loss) for the period		234	(2,726)
Total comprehensive (loss) for the period		(161,564)	(128,876)
Loss for the period is attributable to:			
- Members of parent entity		(161,798)	(126,150)
		(161,798)	(126,150)
Total comprehensive (loss) / income for the period is attributable to:			
- Members of parent entity		(161,564)	(128,876)
		(161,564)	(128,876)

Notes to the condensed consolidated financial statements are included on pages 8 to 9.

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

As at 31 December 2014

		CONSOLIDATED	
	Note	December 2014	June 2014
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		3,627	6,778
Trade and other receivables		1,100	1,100
Other assets		1,202	85
TOTAL ASSETS		5,929	7,963
LIABILITIES			
Current liabilities			
Trade and other payables		92,090	185,778
Total current liabilities		92,090	185,778
Non-current liabilities			
Borrowings		21,592,851	21,339,633
TOTAL LIABILITIES		21,684,941	21,525,411
NET DEFICIENCY		(21,679,012)	(21,517,448)
EQUITY			
Issued capital	3	711,870,834	711,870,834
Reserves		(5,957)	(6,191)
Accumulated losses		(733,543,889)	(733,382,091)
Parent entity interest		(21,679,012)	(21,517,448)
TOTAL DEFICIENCY		(21,679,012)	(21,517,448)

Notes to the condensed consolidated financial statements are included on pages 8 to 9.

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

For the Half Year Ended 31 December 2014

	CONSOLIDATED	
	December 2014 \$	December 2013 \$
Cash flows from operating activities		
Other receipts	3,744	-
Payments to suppliers and employees	(241,888)	(96,723)
Interest received	17	273
Finance costs	(10,000)	(10,000)
Income taxes (payment) / refund	(8,209)	102,577
Net cash used in by operating activities	(256,336)	(3,873)
Cash flows from financing activities		
Proceeds from borrowings	253,218	-
Net cash provided by financing activities	253,218	-
Net increase in cash and cash equivalents	(3,118)	(3,873)
Cash and cash equivalents at the beginning of the financial period	6,778	9,884
Effect of exchange rate fluctuations on cash held in foreign currencies	(33)	(1)
Cash and cash equivalents at the end of the financial period	3,627	6,010

Notes to the condensed consolidated financial statements are included on pages 8 to 9.

Videlli Limited

Condensed Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2014

	CONSOLIDATED			Total
	Issued capital	Accumulated Losses	Reserves	
	\$	\$	\$	\$
Balance as at 1 July 2014	711,870,834	(733,382,091)	(6,191)	(21,517,448)
Changes				
Net loss for the period	-	(161,798)	-	(161,798)
Other comprehensive income	-		234	234
Total comprehensive loss for the half-year	-	(161,798)	234	(161,564)
Deficiency as at 31 December 2014	711,870,834	(733,543,889)	(5,957)	(21,679,012)
Balance as at 1 July 2013	711,870,834	(733,012,469)	(3,616)	(21,145,251)
Changes				
Net loss for the period	-	(126,150)	-	(126,150)
Other comprehensive income	-		(2,726)	(2,726)
Total comprehensive loss for the half-year	-	(126,150)	(2,726)	(128,876)
Deficiency as at 31 December 2013	711,870,834	(733,138,619)	(6,342)	(21,274,127)

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 2014

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 2014 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 2014.

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 2014.

(b) Going Concern

As at 31 December 2014 the Group's net asset position is a deficiency of \$21,679,012 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 relate to operating expenditure for directors and compliance/regulatory activities. In relation to this 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 \$950,000 with a due date of 15 March 2016. Management considers this agreement sufficient for Videlli Limited's operational cost funding until at least 15 March 2016. Funds drawn under this agreement as at balance date are \$760,192, with \$253,218 drawn during the current financial year.

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

- (a) 15 March 2016, 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 as:

- (a) other default: if the Borrower fails to perform or observe any of the covenants or provisions of this deed on the part of the Borrower to be performed or observed;
- (b) Disposal of Assets: the Borrower disposes (save for deregistration) of any material asset (including any share in any subsidiary or other company irrespective of its cash value);
- (c) Change in Control: the Borrower experiences a change in Control as defined by section 50AA of the *Corporations Act*;
- (d) Resolution by member: any resolution put by a member is passed at a general meeting of the Borrower;
- (e) Resolution by Borrower: any resolution put by the Borrower to its members at a general meeting and that resolution is not passed;
- (f) Insolvency Event: if an Insolvency Event occurs in respect of the Borrower save in respect of the Funding Agreement;

Under the terms of the Litigation Funding Agreement, Vix Treasury Pty Ltd may, at its discretion by not less than 14 days written notice to Videlli, terminate its obligation to provide any further funding under this agreement. In the event that the funding agreement is terminated and alternative funding is not found, there is material uncertainty as to whether the Group will be able to continue as a going concern and therefore whether it would be able to extinguish its liabilities in the normal course of business and at amounts stated in the financial statements. The financial statements do not include adjustments, if any, relating to the recoverability and classification of recorded asset amounts or the amounts or classification of the liabilities that might be necessary should the Group not continue as a going concern. Vix Treasury Pty Ltd has provided no such written notice nor indication of intention to provide such written notice at the date of preparing this financial report.

Between balance date and the date of signing this financial report, nil payments have been made via the Litigation Funding Agreement.

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 2014

		CONSOLIDATED	
		Dec 2014	Dec 2013
		\$	\$

2. REVENUE AND OTHER INCOME

Revenue

Continuing Operations

Interest income	3,744	273
	3,744	273

3. ISSUED CAPITAL

CONSOLIDATED			
Dec 2014	Jun 2014	Dec 2014	Jun 2014
Number	Number	\$	\$

Movements in ordinary shares on issue:

Balance	8,609,887	8,609,887	711,870,834	711,870,834
At reporting date	8,609,887	8,609,887	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.

No shares were issued during the current or comparative periods.

4. SUBSEQUENT EVENTS

No matters or circumstances have arisen since half year reporting date that have significantly affected, or may significantly affect, the operations, results or state of affairs of Videlli Ltd in subsequent periods.

5. 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 2014

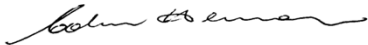
DIRECTORS' DECLARATION

The directors declare that:

- a in the directors' opinion, there are reasonable grounds to believe that the consolidated entity 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 (AASB 134 Interim Financial Reporting) and giving a true and fair view of the financial position as at 31 December 2014 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 20 February 2015

Independent auditor's review report

To the members of Videlli Limited

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 2014, the condensed consolidated statement of profit or loss and other 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 2014 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 gives a true and fair view and 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 2014 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

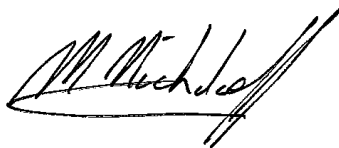
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Videlli Limited is not in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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.

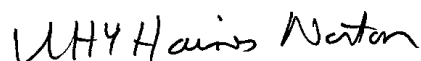
Emphasis of Matter

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 2014 is \$21,679,012, 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
20th February 2015



UHY Haines Norton
Chartered Accountants