



ABN 23 009 112 725

Financial Report

For the Year Ended 30 June 2015

Videlli Limited and its Controlled Entities

Financial Year Ended 30 June 2015

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Videlli Limited and its Controlled Entities

Directors' Report

For the Year Ended 30 June 2015

The Directors present their report on the consolidated entity consisting of Videlli Limited and its controlled entities ('Videlli') for the year ended 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

1. GENERAL INFORMATION

Directors

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

Names	Appointed
C J Henson	21 March 2005
D P Saville	2 May 2003
M O Clarey	31 January 2005

Principal Activities

The principal activity of Videlli is investment.

Company Secretary

Timothy Bateman

Mr Bateman was appointed company secretary on 17 November 2014 and held the position of company secretary for the remaining period of the year ended 30 June 2015, responsible for managing all company secretarial matters. Mr Bateman was also appointed as an alternate director for Mr Clarey on 28 October 2014.

Angelo Bartzis

Mr Bartzis held the position of company secretary until 17 November 2014.

2. BUSINESS REVIEW

Operating Results

The consolidated loss after income tax and minority interest for the year, attributable to members of Videlli was \$320,839 (2014: \$369,622 loss).

Dividends Paid or Recommended

No dividends were paid or declared for the year ended 30 June 2015 (2014: nil).

Risk Management

The Group takes a proactive approach to risk management. The Board is responsible for ensuring risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Board acknowledges the importance of effective risk management by combining the functions of audit, risk management, internal control and compliance under the Audit and Risk Committee. The Audit and Risk Committee Charter is available on the company website.

The risk function of the Audit and Risk Committee includes the following:

- facilitate and oversee the process for identification and management of business risk;
- review the business risk analysis and consider its rigor and completeness;
- manage the Videlli insurance program in light of the business risk analysis;
- review Videlli's preparedness for addressing major loss events; and
- review and recommend risk management education processes and tools.

The Group's approach to risk management is summarised in the Videlli Risk Management Policy that was approved by the Board in June 2000 and has established a number of structures and processes for the effective management of business risk, including the following:

- Implementation of Board - approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of KPIs of both a financial and non-financial nature; and
- The establishment of a Documents Review Committee to authorise execution of various documents. The committee consists of any two Directors or a Director and the Company Secretary.

Videlli Limited and its Controlled Entities

Directors' Report

For the Year Ended 30 June 2015

2. BUSINESS REVIEW continued

Employees

Nil employees remain as at 30 June 2015 (2014: nil).

3. DIRECTOR INFORMATION

Information on Directors

C J HENSON	Chairman, Independent Non-Executive Director : Aged 67
Qualifications	F CPA, DipLaw(BAB), FCIS, FCIM, FAICD
Experience	Mr Henson brings over 30 years experience in corporate management across a broad range of industries.
D P SAVILLE	Non-Executive Director : Aged 58
Qualifications	BCom (Hons), BSc (Hons), FCA
Experience	Mr Saville is an experienced director. He is the principal of a funds management group, ICM Ltd.
M O CLAREY	Independent Non-Executive Director : Aged 68
Qualifications	BA, MIM
Experience	Mr Clarey brings over 30 years international banking and finance experience.
T P BATEMAN	Independent Non-Executive Alternate Director : Aged 45
Qualifications	Bbus (ACC), CA
Experience	Mr Bateman brings over 20 years of finance experience across a broad range of industries.

Other than Mr Bateman, who was appointed Alternate Director on 28 October to Mr Clarey, the above named directors held office during and since the financial year.

Meetings of Directors

To assist in the execution of responsibilities and in addition to its regular meetings, the Board has established the Audit & Risk Committee and the Remuneration & Nominations Committee. Meetings are held as required. During the financial year, three (3) meetings of Directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	COMMITTEE MEETINGS					
	Directors' Meetings		Audit & Risk Committee		Remuneration & Nominations Committee	
	Number Eligible to attend	Number attended	Number Eligible to attend	Number attended	Number Eligible to attend	Number attended
C J Henson	4	4	2	2	-	-
D P Saville	4	3	2	1	-	-
M O Clarey	4	3	2	2	-	-
T P Bateman (Alternate Director for Mr Clarey)	-	-	-	-	-	-

4. OTHER ITEMS

Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Subsequent events

On 25 September 2015, Vix Treasury Pty Ltd and Videlli Limited agreed to the:

- Increase of the Administration Funding Agreement facility limit from \$950,000 to \$1,150,000, and;
- Extension of the due date of the Litigation Funding and Administration Funding agreements to 31 December 2016.

Other than the items detailed above, no other matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations, results or state of affairs of Videlli Limited in subsequent periods.

Future developments

Disclosure of information regarding possible developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information could be regarded as speculative and misleading.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2015 can be found on page 5 of the financial report.

Videlli Limited and its Controlled Entities

Directors' Report

For the Year Ended 30 June 2015

4. OTHER ITEMS continued

Environmental Regulations

Based on continual reviews of the Group's operations, the directors confirm that there are no particular environmental obligations to which Videlli or its controlled entities are subject, outside of the usual common law and legislative requirements.

5. INDEMNIFICATION AND INSURANCE

Indemnification

Videlli's Constitution provides for an indemnity of Directors, executive officers and company secretaries where liability is incurred in connection with the performance of their duties in those roles other than as a result of their negligence, default or breach of duty in relation to the consolidated entity. The indemnification will also meet the full amount of any such liabilities, including legal fees where that person is acquitted or where proceedings are withdrawn before judgement. Videlli has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of Videlli or of any related body corporate against a liability incurred as such by an officer or auditor.

Insurance Premiums

The consolidated entity has paid insurance premiums in respect of Directors and Officers' liability, legal expenses and insurance contracts for current Directors and Officers, including company secretaries of the consolidated entity, and Directors and company secretaries of its controlled entities. In accordance with commercial practices, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premiums paid.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

Proceedings on behalf of the company

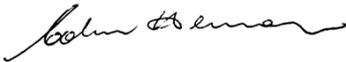
No person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of these proceedings.

6. OPTIONS

At the date of this report, there are nil unissued ordinary shares of Videlli Limited under option.

This report is made in accordance with a resolution of the Board of Directors pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the directors



Chairman
C J Henson

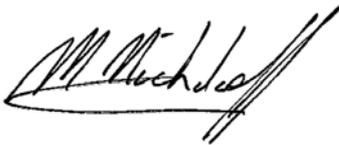
Dated: 25 September 2015, Sydney, New South Wales

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

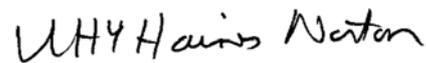
To the Directors of Videlli Limited

As auditor for the audit of Videlli Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the independence requirements of the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



Mark Nicholaeff
Partner
Signed at Sydney
On 25th September 2015



UHY Haines Norton
Chartered Accountants

Videlli Limited and its Controlled Entities

Consolidated statement of profit or loss and other comprehensive income

For the Year Ended 30 June 2015

	Note	CONSOLIDATED	
		2015	2014
		\$	\$
Revenue	2	4,639	1,884
Total		4,639	1,884
Employee benefits expense	3	(12,218)	(15,853)
Other labour and consulting costs		(22,862)	(63,031)
Finance costs	3	(20,000)	(20,000)
Directors & Officers Insurance		(74,000)	(74,000)
Share Registry Costs		(21,268)	(85,800)
Other expenses		(175,130)	(173,887)
Loss before income tax		(320,839)	(430,687)
Income tax benefit	4	-	61,065
Loss after income tax		(320,839)	(369,622)
Net loss for the year		(320,839)	(369,622)
Other comprehensive income			
Exchange differences on translating foreign operations		(89)	(2,575)
Other comprehensive loss for the year, net of tax		(89)	(2,575)
Total comprehensive loss for the year		(320,928)	(372,197)
Loss for the year is attributable to:			
- Members of parent entity		(320,839)	(369,622)
Total comprehensive loss for the year is attributable to:			
- Members of parent entity		(320,928)	(372,197)

The consolidated statement of comprehensive income is to be read in conjunction with the notes to these financial statements

Videlli Limited and its Controlled Entities

Consolidated statement of financial position

As at 30 June 2015

	Note	CONSOLIDATED	
		2015	2014
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		4,546	6,778
Trade and other receivables	5	-	1,100
Other assets	6	241	85
TOTAL ASSETS		4,787	7,963
LIABILITIES			
Current liabilities			
Trade and other payables	7	150,511	185,778
Total current liabilities		150,511	185,778
Non-current liabilities			
Borrowings	8	21,692,652	21,339,633
TOTAL LIABILITIES		21,843,163	21,525,411
NET DEFICIENCY		(21,838,376)	(21,517,448)
EQUITY			
Issued capital	9	711,870,834	711,870,834
Reserves		(6,280)	(6,191)
Accumulated losses		(733,702,930)	(733,382,091)
TOTAL DEFICIENCY		(21,838,376)	(21,517,448)

The consolidated statement of financial position is to be read in conjunction with the notes to these financial statements

Videlli Limited and its Controlled Entities

Consolidated statement of cashflows

For the Year Ended 30 June 2015

	Note	CONSOLIDATED	
		2015	2014
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(339,875)	(254,278)
Cash used in operations			
Interest received		4,639	1,884
Finance costs		(20,000)	(20,000)
Income taxes paid		-	61,065
Net cash used in operating activities	12	(355,236)	(211,329)
Cash flows from financing activities			
Proceeds from borrowings		353,019	208,255
Net cash provided by financing activities		353,019	208,255
Net increase / (decrease) in cash and cash equivalents		(2,217)	(3,074)
Cash and cash equivalents at the beginning of the financial year		6,778	9,884
Effect of exchange rate fluctuations on cash held in foreign currencies		(15)	(32)
Cash and cash equivalents at the end of the financial year		4,546	6,778

The consolidated cash flow statement is to be read in conjunction with the notes to these financial statements

Videlli Limited and its Controlled Entities

Consolidated statement of changes in equity

For the Year Ended 30 June 2015

	CONSOLIDATED			Total
	Issued capital	Accumulated Losses	Foreign Currency Translation Reserve	
	\$	\$	\$	\$
Balance as at 1 July 2014	711,870,834	(733,382,091)	(6,191)	(21,517,448)
Changes				
Net profit for the year	-	(320,839)	-	(320,839)
Other comprehensive income for the year	-	-	(89)	(89)
Total comprehensive income for the year	-	(320,839)	(89)	(320,928)
Deficiency as at 30 June 2015	711,870,834	(733,702,930)	(6,280)	(21,838,376)
Balance as at 1 July 2013	711,870,834	(733,012,469)	(3,616)	(21,145,251)
Changes				
Net profit for the year	-	(369,622)	-	(369,622)
Other comprehensive income for the year	-	-	(2,575)	(2,575)
Total comprehensive income for the year	-	(369,622)	(2,575)	(372,197)
Deficiency as at 30 June 2014	711,870,834	(733,382,091)	(6,191)	(21,517,448)

The consolidated statement of changes in equity is to be read in conjunction with the notes to these financial statements

Videlli Limited and its Controlled Entities

Notes to the Financial Statements

For the Year Ended 30 June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information

The financial report covers the consolidated entity of Videlli Limited and controlled entities (together referred to as the consolidated entity or Group). Videlli Limited is a public company, incorporated and domiciled in Australia.

Registered Office
Level 21, 380 Latrobe St,
Melbourne, Victoria, 3000.
Telephone +61 3 9079 2008
Facsimile +61 3 9602 4927

Principal Place of Business
Level 21, 380 Latrobe St,
Melbourne, Victoria, 3000.

The following is a summary of the significant accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Statement of compliance -

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the group comply with International Financial Reporting Standards ('IFRS').

In the current year, the consolidated entity and company have 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 annual reporting period. Details of the impact of these new accounting standards are set out in the individual accounting policy notes set out below.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by Videlli and its controlled entities for the annual reporting period ended 30 June 2015. The directors have not early adopted any of these new or amended standards or interpretations. The directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Group) and interpretations.

These Standards and Interpretations will be first adopted in the Financial Statements of the Consolidated Entity that relates to the annual reporting period beginning after the effective date of pronouncement, which in all cases will be the company's annual reporting period beginning on 1 July 2014. In addition to the standards issued above, other standards have been issued by the Australian Accounting Standards Board, these standards are not relevant to the operations of the Group.

The financial statements were authorised by the directors on 25 September 2015.

(b) Basis of preparation

The financial report has been prepared on the basis of historical costs, except for assets and liabilities of a disposal group as held for sale, financial assets and financial liabilities for which the fair value basis of accounting has been applied. All amounts are presented in Australian dollars, unless otherwise noted.

(c) Going Concern

As at 30 June 2015 the Group's net asset position is a deficiency of \$21,838,376.

The Group's ongoing commitments relate to 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 under an Administration Funding Agreement. This agreement is capped at \$1,150,000 with a due date of 31 December 2016. Management considers this agreement sufficient for Videlli Limited's operational cost funding until at least 30 September 2016. Funds drawn under this agreement as at balance date are \$859,993.

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

- (a) 31 December 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 and its Controlled Entities

Notes to the Financial Statements

For the Year Ended 30 June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(d) Basis of Consolidation

A list of controlled entities is contained in Note 16 to the financial statements. All controlled entities have a June financial year-end. A controlled entity is an entity in which Videlli Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of controlled entities have been changed where necessary to ensure consistency with those policies applied by the company.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority interests in the results of the entities that are controlled are shown as a separate item in the consolidated statement of comprehensive income. During the comparative financial year, all entities for which a minority interest was held, was disposed of. Minority interest, therefore, is nil as at the current and comparative balance dates.

(e) Borrowing Costs

Borrowing costs (and interest expense) are recognised as expenses in the year in which they are incurred.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(g) Financial Instruments

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method less accumulated impairment.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques if applicable are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(h) Foreign Currency Transactions and Balances

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the month in which the transaction occurred; and
- retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the consolidated statement of financial position and are included as an item of other comprehensive income in the consolidated statement of comprehensive income. These differences are recognised in the consolidated statement of comprehensive income in the period in which the operation is disposed.

(i) Income Tax

Current tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Videlli Limited and its Controlled Entities

Notes to the Financial Statements

For the Year Ended 30 June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(i) Income Tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax consolidation

Videlli Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidation group under the Tax Consolidation Regime with effect from 30 June 2003. Videlli Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group in accordance with their accounting profit for the period, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB112 Income Taxes.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, Videlli Limited. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

(j) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that the outflow can be reliably measured.

Contract termination

A contract termination provision is recognised when the Group expects future cost obligations associated with the termination of a contract. The associated cost obligations can include: write-off of plant and equipment, inventory, property expenses (including make-good) and any litigation costs associated with the contract termination.

(k) Revenue

Other revenue

Interest revenue is recognised using the effective interest method on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(l) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Debts which are known to be uncollectable are written off.

(m) Reserves

Foreign currency translation reserve

Exchange differences arising on translation of self-sustaining, foreign-controlled entities are taken to the foreign currency translation reserve as detailed in Note 1(h).

(n) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authorities, it is recognised as part of the cost of acquisition of the asset or as part of an item of expense; or
- for receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authorities is included as a current asset or liability in the statement of financial position.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of the cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Videlli Limited and its Controlled Entities

Notes to the Financial Statements

For the Year Ended 30 June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(o) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described above, Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Judgements made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the Balance Sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(p) Parent entity disclosures

In accordance with the Corporations Act 2001, these financial statements presents the results of the consolidated entity only. Supplementary information about the parent entity are disclosed in note 14.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	CONSOLIDATED	
	2015	2014
	\$	\$

2. REVENUE AND OTHER INCOME

Revenue		
Interest Income	4,639	1,884
	4,639	1,884

3. LOSS FROM OPERATIONS

Loss before income tax has been arrived at after charging the following:

Finance Costs - Borrowing costs

external	(20,000)	(20,000)
	(20,000)	(20,281)

Net Foreign Exchange Losses

Net foreign gains/ (losses) exchange differences	(1,719)	(896)
--	---------	-------

Loss before income tax has been arrived at after charging the following:

Employee Benefits Expense

Defined contribution plans	(3,044)	(6,679)
Other employee benefits	(9,174)	(9,174)
	(12,218)	(15,853)

Videlli Limited and its Controlled Entities

Notes to the Financial Statements

For the Year Ended 30 June 2015

	CONSOLIDATED	
	2015	2014
	\$	\$

4. INCOME TAXES

Reconciliation between tax (benefit) / expense and pre-tax net loss

Loss before income tax from continuing operations	(320,839)	(430,687)
	(320,839)	(430,687)
Prima facie tax benefit on (loss) / profit before income tax at 30% (2014: 30%)	(96,251)	(129,206)
From which is deducted the tax effect of:		
Current year temporary differences not brought to account	-	(26,993)
From which is added the tax effect of:		
Expenditure not deductible for income tax purposes	6,923	32,299
Current year tax losses not brought to account	89,328	62,836
Total tax benefit	-	(61,065)

Unrecognised deferred tax assets

Unused tax losses for which no deferred tax asset has been recognised:

Tax losses - revenue	71,935,653	74,564,335
Tax losses - capital	19,310,811	19,310,811
	91,246,464	93,875,146

The benefit of these losses has not been brought to account as realisation is not probable. The benefit will only be obtained if:

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised
- (b) the company continues to comply with the conditions for deductibility imposed by the law; and
- (c) no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the losses.

5. TRADE AND OTHER RECEIVABLES

Current Receivables

Other receivables	-	1,100
	-	1,100

6. OTHER ASSETS

Current other assets

Other current assets	241	85
	241	85

7. TRADE AND OTHER PAYABLES

Trade payables (i)	54,905	4,428
Other creditors and accruals	95,606	181,351
	150,511	185,779

(i) Terms of payment for trade payables range from 14-60 days from date of invoice.

Videlli Limited and its Controlled Entities

Notes to the Financial Statements

For the Year Ended 30 June 2015

		CONSOLIDATED	
		2015	2014
		\$	\$

8. BORROWINGS

Non current borrowings

Secured other loans (i)	21,692,652	21,339,633
Total non current borrowings	21,692,652	21,339,633

(i) Security for borrowings

Secured other loans at balance date::

* a first registered fixed and floating charge over the assets and undertakings of Videlli Limited, Integrated Transit Solutions Limited and Videlli Card Systems Ltd;

* a guarantee given by Videlli Card Systems Ltd;

Borrowings at balance date include \$859,993 owing under the Administration Funding Agreement (2014: \$506,974) and \$20,832,659 owing under the Litigation Funding Agreement (2014: \$20,832,659). Due dates for both amounts owing is 31 December 2016.

Assets Pledged as Security

The Group's carrying amounts of assets pledged as security are:

Current Assets

Cash and cash equivalents	4,546	6,778
Trade and other receivables	-	1,100
Other assets	-	85
Total Assets Pledged as Security	4,546	7,963

9. ISSUED CAPITAL

		COMPANY	
2015	2014	2015	2014
Number	Number	\$	\$

Movements in ordinary shares on issue:

Opening 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.

Consolidation of shares

A special resolution was passed at the Videlli Limited Annual General Meeting, held on 28 November 2013 (during the comparative financial year), to consolidate shares. This consolidation resulted in each 100 ordinary shares being converted into 1 ordinary share, with any fractional entitlements rounded up. This has resulted in the number of ordinary shares on issue being 8,609,887 as at 30 June 2015.

Videlli Limited and its Controlled Entities

Notes to the Financial Statements

For the Year Ended 30 June 2015

COMPANY		
	2015	2014
	\$	\$

10. DIVIDENDS

No dividends have been paid or proposed in respect of the current financial year.

Adjusted franking account balance (tax paid basis)	1,161,000	1,161,000
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11. SUBSEQUENT EVENTS

On 25 September 2015, Vix Treasury Pty Ltd and Videlli Limited agreed to:

- (a) An extension of the due date in relation to funds owing under the Litigation Funding Agreement to 31 December 2016, and;
- (b) An extension of the due date in relation to funds owing under the Administration Funding Agreement to 31 December 2016, and;
- (c) An increase in the facility limit available to Videlli Ltd under the Administration Funding Agreement from \$950,000 to \$1,150,000.

Between balance date and the date of signing this financial report, nil payments have been made under the above funding agreements.

Other than the items detailed above, no other matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations, results or state of affairs of Videlli Limited in subsequent periods.

CONSOLIDATED		
	2015	2014
	\$	\$

12. CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operating activities for the year:

Loss after related income tax expense pre minority interests	(320,839)	(369,622)
<i>Non cash flows in loss from ordinary activities</i>		
Net loss on foreign exchange transactions	1,719	896
<i>Changes in assets and liabilities</i>		
Decrease in trade and other receivables	(619)	87,977
(Increase) / Decrease in other assets	(163)	41,965
Increase / (Decrease) in trade and other payables	(37,849)	26,587
Increase / (Decrease) in other liabilities	2,513	868
Net cash used in operating activities	(355,238)	(211,329)

(b) Loan facilities

Loan facilities (i)	26,960,916	26,960,916
Amount utilised	(21,692,652)	(21,339,633)
Loan facilities (overdrawn) / not utilised at balance date	5,268,264	5,621,283

(i) See the due dates and facility limits relating to these loans in note 11 above.

13. AUDITORS REMUNERATION

Amounts received or due and receivable by UHY Haines Norton (Australia):

Auditing and reviewing the financial report	20,000	20,000
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Videlli Limited and its Controlled Entities

Notes to the Financial Statements

For the Year Ended 30 June 2015

COMPANY	
2015	2014
\$	\$

14. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Loss for the year	(333,913)	(318,011)
Total comprehensive loss for the year	(333,913)	(318,011)
Total current assets	3,049	5,875
Total assets	3,049	5,875
Total Current liabilities	151,164	173,096
Total liabilities	21,843,816	21,512,729
Net deficiency	(21,840,767)	(21,506,854)
Equity		
Contributed equity	711,868,938	711,868,938
Reserves	12,832,233	12,832,233
Retained profits/(accumulated losses)	(746,541,938)	(746,208,025)
Total deficiency	(21,840,767)	(21,506,854)

Bank guarantees

The parent entity held no bank guarantees, security deposits or bonds as at 30 June 2015 and 30 June 2014.

Capital commitments - Plant and Equipment

The parent entity currently holds no Plant and Equipment and has no current or foreseeable commitment to the purchase of any Plant and Equipment.

Accounting policies of the parent

The accounting policies of the parent entity are consistent with those of the consolidated entity.

Videlli Limited and its Controlled Entities

Notes to the Financial Statements

For the Year Ended 30 June 2015

15. FINANCIAL INSTRUMENTS

(A) Capital Risk Management

The capital structure of the Group consists of debt, which includes borrowings disclosed in note 8 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity and note 9.

The Group operates primarily within Australia, with the exception of two predominantly dormant entities, one being in Germany and the other in Malaysia. Operating cashflows, along with debt facilities not yet drawn down, are used to meet the Group's routine outflows of tax and payables. The Group's primary source of funds are provided through the Administration Funding Agreement.

The Group also protects its equity in assets by taking out insurance. There were no changes to the Group's and the company's approach to capital management during the financial year.

Gearing Ratio

Funds were drawn during the current financial year under the Litigation Funding Agreement were nil, with the balance owing remaining \$20,832,659.

Funds drawn during the current financial year for the Administration Funding Agreement were \$353,019, bringing the total funds drawdown from this facility to \$859,993.

CONSOLIDATED	
2015	2014
\$	\$

The gearing ratio at year end was as follows:

Debt (i)	21,692,652	21,339,633
Cash and cash equivalents	(4,546)	(6,778)
Net debt	21,688,106	21,332,855
Equity (i)	(21,838,376)	(21,517,448)
Net debt to equity ratio (ii)	(14433%)	(11557%)

(i) Debt is defined as short and long term borrowings per note 8 and equity includes all capital and reserves per the consolidated statement of changes in equity.

(ii) Net Debt to Equity ratio is calculated as Net Debt / (Net Debt + Equity)

(B) Financial Risk Management

The Group's principal financial instruments comprise cash, receivables, payables and financial liabilities. Financial Liabilities include borrowings and other interest bearing liabilities. Risk's relevant to the Group include capital risk, interest rate risk, exchange rate risk, credit risk and liquidity risk.

The Group does not actively use derivative financial instruments to hedge against these risk and does not enter into the trading of derivative financial instruments for speculative purposes.

(i) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit exposure is controlled by counterparty limits that are reviewed annually. Videlli Limited holds no current customers and therefore does not hold any receivable risk.

The carrying amount of trade and other receivables recorded in the financial statements, net of any allowance for losses, represents the consolidated entity's and company's exposure to credit risk.

(ii) Liquidity Risk Management

Liquidity risk refers to the risk that the Group and the company will not be able to meet its financial obligations as they fall due. The Group and the company manages liquidity risk by maintaining adequate cash reserves, utilisation of existing borrowing facilities and continuous monitoring of actual and forecast.

Videlli Limited and its Controlled Entities

Notes to the Financial Statements

For the Year Ended 30 June 2015

15. FINANCIAL INSTRUMENTS continued

(B) Financial Risk Management continued

(ii) Liquidity Risk Management continued

At balance date the Group has undrawn credit facilities totalling \$5,468,264, being \$5,178,257 relating to the Litigation Funding Agreement and \$290,007 relating to the Administration Funding Agreement (30 June 2014 undrawn facilities of \$5,621,283) (refer to note 1 on page 10 of this Financial Report) .

The following tables detail the Group's and company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the earliest date on which the Group can be required to pay.

	Weighted Average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
	%	\$	\$	\$	\$	\$
Consolidated						
2015						
Non interest bearing		56,907	-	-	-	-
Interest bearing liabilities						
Fixed rate debt (i)	15.00	-	-	-	20,832,659	-
Fixed rate debt (i)	10.00	-	-	-	859,993	-
		56,907	-	-	21,692,652	-
2014						
Non interest bearing		6,430	-	-	-	-
Interest bearing liabilities						
Fixed rate debt (i)	15.00	-	-	-	20,832,659	-
Fixed rate debt (i)	10.00	-	-	-	506,974	-
		6,430	-	-	21,339,633	-

(i) See details of amounts owing and facility limits available at the top of this note.

No interest has been accrued or paid as at current or comparative balance date for either funding agreement.

(iii) Interest Rate Risk Management

The Group has borrowings that attract only fixed interest rates. As a result of sustained trading losses and a consolidated statement of financial position with a net asset deficiency, the Group is not able to readily access capital markets in order to manage interest rate risk effectively.

CONSOLIDATED	
2015	2014
\$	\$

Summary of interest rate positions at balance date

The Group has interest rate risk on borrowings and the exposures at reporting date together with the interest rate risk management transactions are as follows:

(a) Interest payable

Principal amounts of all interest bearing liabilities:

Borrowings	21,692,652	21,339,633
	21,692,652	21,339,633

Principal amounts of fixed interest rate liabilities:

Borrowings	21,692,652	21,339,633
	21,692,652	21,339,633

Interest rate sensitivity analysis - interest payable

At balance date the Group has interest bearing liabilities of \$21,692,652 (\$859,993 exposed to a fixed interest rate of 10% and \$20,832,659 exposed to a fixed interest rate of 15%). (2014: \$21,339,633 (\$506,974 exposed to a fixed interest rate of 10% and \$20,832,659 exposed to a fixed interest rate of 15%).

No interest has been accrued or paid as at current or comparative balance date.

Videlli Limited and its Controlled Entities

Notes to the Financial Statements

For the Year Ended 30 June 2015

15. FINANCIAL INSTRUMENTS continued

(B) Financial Risk Management continued

(iii) Interest Rate Risk Management continued

(b) Interest receivable

Interest rate sensitivity analysis - interest receivable

At the current and comparative year's balance dates, nil interest bearing receivables were held.

(iv) Exchange Rate Risk Management

The Group is exposed to foreign exchange rate risk via translation risk and transactional risk.

Translation risk relates to the translation of the Group foreign subsidiaries Balance Sheet with movements recognised on consolidation in the Group's foreign currency translation reserve. Transactional risk relates individual transactions undertaken by entities within the Group in a currency other than the entity's underlying currency. Movements in foreign currency exchange rates that occur between the underlying currency and the nominated transaction currency are recognised in the consolidated statement of comprehensive income as realised foreign exchange gains or losses.

The Group does not enter into derivative financial instruments to manage its exposure to foreign exchange risk and does not enter into or trade in financial instruments for speculative purposes.

At balance date, the Group's balance sheet has immaterial balances stated in currencies other than Australian Dollars.

Exchange rate sensitivity analysis

Immaterial amounts are held in currencies other the Australian Dollars. Therefore, at the current and comparative balance dates, exchange rate exposure is immaterial.

CONSOLIDATED	
2015	2014
\$	\$

(C) Categories of Financial Instruments

Consolidated Assets

Cash and cash equivalents	4,546	6,778
Trade receivables (i)	-	1,100

Consolidated liabilities

Payables	(150,511)	(185,778)
Interest bearing liabilities		
Fixed rate debt	(21,692,652)	(21,339,633)
	(21,838,617)	(21,517,533)

(i) Trade receivables includes trade debtors outstanding as at balance date, net of provision for impairment of receivables.

Fair Value of Financial Instruments

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values of financial assets and financial liabilities are as follows:

* The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

* The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cashflow analysis.

(D) Significant Accounting Policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Videlli Limited and its Controlled Entities

Notes to the Financial Statements

For the Year Ended 30 June 2015

16. INVESTMENTS IN CONTROLLED ENTITIES

Name	Country Of Incorporation	Ownership Interest	
		2015	2014
		%	%

Parent Entity:

Videlli Limited Australia

Controlled entities:

Videlli Transit Systems (Ger) GmbH	Germany	100	100
Integrated Transit Solutions Ltd	Australia	100	100
Videlli Card Systems Ltd	Australia	100	100
which has the controlled entities:			
Triumphant Launch Sdn Bhd	Malaysia	100	100

^ During the current financial year, Integrated Transit Solutions Ltd was deregistered with ASIC. The official deregistration date was 15 July 2015.

Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgment of financial reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001.

The subsidiary subject to the Deed as at the current balance date was Videlli Card Systems (Aust) Ltd.

CLOSED GROUP	
2015	2014
\$	\$

Set out below is a consolidated statement of comprehensive income at 30 June 2015 of the Closed Group and represents the entities subject to the Deed of Cross-Guarantee.

Deed of Cross Guarantee - Consolidated statement of comprehensive income

Consolidated statement of comprehensive income

Loss before income tax	(333,914)	(318,102)
Net loss for year	(333,914)	(318,102)

Deed of Cross Guarantee - Accumulated Losses

Accumulated losses at the beginning of the year	(751,036,578)	(750,718,476)
Net loss for year	(333,914)	(318,102)
Accumulated losses at the end of the year	(751,370,492)	(751,036,578)

Deed of Cross Guarantee - Consolidated statement of financial position

Current assets

Cash and cash equivalents	2,808	4,690
Trade and other receivables	-	1,100
Other assets	241	85
Total current assets	3,049	5,875
Total assets	3,049	5,875

Videlli Limited and its Controlled Entities

Notes to the Financial Statements

For the Year Ended 30 June 2015

16. INVESTMENTS IN CONTROLLED ENTITIES continued

CLOSED GROUP	
2015	2014
\$	\$

Deed of Cross Guarantee - Consolidated statement of financial position

Current liabilities

Trade and other payables	151,164	173,097
	151,164	173,097

Liabilities of a disposal group held for sale

Total current liabilities	151,164	173,097
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Non current liabilities

Long-term borrowings	21,692,652	21,339,633
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Total liabilities	21,843,816	21,512,730
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Net (deficiency) / assets	(21,840,768)	(21,506,855)
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Equity

Issued capital	711,868,938	711,868,938
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Reserves	17,436,601	17,436,601
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Accumulated losses	(751,146,307)	(750,812,394)
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Total (deficiency) / equity	(21,840,768)	(21,506,855)
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17. KEY MANAGEMENT PERSONNEL COMPENSATION

Key Management Personnel

Key Management Personnel ("KMP") are those persons having authority and responsibility for planning, directing and controlling the activities of the Videlli Group. All non-executive directors of Videlli Limited are Key Management Personnel of Videlli Limited and the consolidated entity. The following directors are considered key management personnel for the entire period.

Directors

Names	Position
C J Henson	Non-Executive Director and Chairman
D P Saville	Non-Executive Director
M O Clarey	Non-Executive Director

The aggregate compensation made to key management personnel of the Group is set out below:

	CONSOLIDATED	
	2,015	2,014
	\$	\$
Short-term employee benefits	32,037	72,205
Post-employment benefits	3,043	6,679
	35,080	78,884

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

	Short Term		Post Employment		Other	Total
	Salary & Fees	Bonus STI	Non Monetary (i) Super-annuation	Termination Payments		
	\$	\$	\$	\$	\$	\$
C J Henson	18,307	-	-	1,739	-	20,046
M O Clarey	13,730	-	-	1,304	-	15,034
Total Non Executive Directors	32,037	-	-	3,043	-	35,080
Total	32,037	-	-	3,043	-	35,080

Videlli Limited and its Controlled Entities

Notes to the Financial Statements

For the Year Ended 30 June 2015

17. KEY MANAGEMENT PERSONNEL COMPENSATION continued

Payments to Directors and Key Management Personnel continued

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

	Short Term		Post Employment		Other	Total
	Salary & Fees	Bonus STI	Non Monetary (i)	Super-annuation	Termination Payments	
	\$	\$	\$	\$	\$	
C J Henson	43,171	-	-	3,993	-	47,164
M O Clarey	29,034	-	-	2,686	-	31,719
Total Non Executive Directors	72,205	-	-	6,679	-	78,884
Total	72,205	-	-	6,679	-	78,884

Shareholdings

Movement in the number of shares held by executive directors during the financial year

	Opening Balance	Reduction through consolidation of Shares ^	Received as Remuneration	Options Exercised	Closing Balance (Resigned) Directors	Purchase / (Disposal) of Shares	Closing Balance Current Directors
C J Henson	2,000	-	-	-	-	-	2,000
D P Saville	2,548,199	-	-	-	-	-	2,548,199
M O Clarey	1,050	-	-	-	-	-	1,050
	2,551,249	-	-	-	-	-	2,551,249

Movement in the number of shares held by executive and non executive directors during the comparative financial year

	Opening Balance	Reduction through consolidation of Shares ^	Received as Remuneration	Options Exercised	Closing Balance (Resigned) Directors	Purchase / (Disposal) of Shares	Closing Balance Current Directors
C J Henson	200,000	(198,000)	-	-	-	-	2,000
D P Saville	257,056,459	(254,508,260)	-	-	-	-	2,548,199
M O Clarey	105,000	(103,950)	-	-	-	-	1,050
	257,361,459	(254,810,210)	-	-	-	-	2,551,249

Consolidation of shares

^ A special resolution was passed at the Videlli Limited Annual General Meeting, held on 28 November 2013 (during the comparative financial year), to consolidate shares. This consolidation resulted in each 100 ordinary shares being converted into 1 ordinary share, with any fractional entitlements rounded up. This has resulted in the amounts of shares held by executive and non executive directors changing between current and comparative financial years, although no physical transfers of shares have occurred other than the consolidation.

Options and Rights Holdings

Nil options and rights holdings were held during the current or comparative financial years by any director.

Other Transactions with Directors

On the 5th March 2009 (during a previous financial year) and as a part of the Videlli restructure, Videlli and its subsidiary Integrated Transit Solutions Limited entered into a funding agreement with Vix Treasury Pty Ltd (an Ingot related entity) to fund the costs associated with the litigation in relation to the Sydney Integrated Ticketing System Project.

The balance outstanding at the current balance date in relation to this funding facility is \$20,832,659 and at the comparative balance date was also \$20,832,659. The interest applicable to these borrowings is 15% per annum payable at the point in time that Videlli is obliged to satisfy all amounts outstanding under this facility. Nil interest was paid nor accrued in relation to this facility during the current or comparative financial years. No funds were drawn or repaid during the current financial year.

On 5 September 2012, Videlli Limited entered into an Administration Funding Agreement with Vix Treasury Pty Ltd. At balance date, \$859,993 has been drawn in relation to this agreement. Costs under this agreement are capped at \$1,150,000 from signing date of 5 September 2012 until the due date 31 December 2016. Facility is available to Videlli Limited in respect of all costs not covered by the Litigation Funding Agreement (see above) and the interest applicable to these borrowings is 10% per annum payable at the point in time that Videlli is obliged to satisfy all amounts outstanding under this facility.

Insurance services were supplied by an entity related to Mr D P Saville for the amount of \$74,000 (2014: \$74,000).

Videlli Limited and its Controlled Entities

Notes to the Financial Statements

For the Year Ended 30 June 2015

18. RELATED PARTY TRANSACTIONS

Transactions within the Wholly Owned Group

The consolidated financial statements include the financial statements of Videlli Limited and the controlled entities listed in Note 16.

Videlli Limited is the ultimate parent entity. Transactions between Videlli and related parties in the wholly owned Group during the years ended 30 June 2015 and 30 June 2014 consisted of:

- loans advanced;
- loans repaid;
- reimbursement for disbursements and sundry costs; and
- purchase of goods and services.

The transactions between Videlli Limited and related parties in the wholly owned Group were made on commercial terms and conditions or at cost, except that there are no fixed terms and generally no interest terms for the repayment of loans advanced by Videlli Limited or within the wholly owned Group.

Transactions with Directors

Refer to Note 17.

Transactions with Associated Corporations

All transactions with associated corporations are made on commercial terms and conditions. Other than the funds drawn under the:

- (a) the Litigation Funding Agreement which attract a 15% interest on amounts drawn; and
- (b) the Administration Funding Agreement which attracts a 10% interest on amounts drawn;

19. COMMITMENTS AND CONTINGENT LIABILITIES

The company has no commitments or contingent liabilities as at 30 June 2015.

Videlli Limited and its Controlled Entities

Directors' Declaration

For the Year Ended 30 June 2015

DIRECTORS' DECLARATION

The directors of the Company declare that:

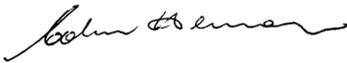
1. the financial statements and notes, as set out on pages 10 to 24, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated entity; and
 - (c) comply with International financial reporting standards as disclosed in Note 1(a) to the financial statements.
2. the directors have been given the declarations required by s.295 (5)A of the Corporations Act 2001;
3. 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.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor the payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in Note 16 to the financial statements, will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to s.295 (5)A of the Corporations Act 2001.

On behalf of the directors



Chairman
C J Henson

Dated: 25th September 2015, Sydney, New South Wales

Independent Auditor's Report

To the members of Videlli Limited

We have audited the accompanying financial report of Videlli Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion:

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

- i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Emphasis of Matter

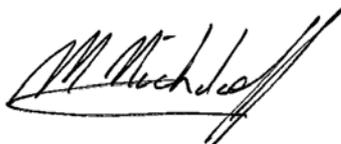
Without qualifying our opinion, we draw attention to Note 1(c) "Going Concern" in the financial report, which indicates that the consolidated entity net liability position as at 30 June 2015 is \$21,838,376, the major element being amounts owing under the litigation funding agreement of \$20,832,659 and amount owing under the administration funding agreement of \$859,993 provided by Vix Treasury Pty Ltd.

The administration funding agreement repayment due date is 31 December 2016.

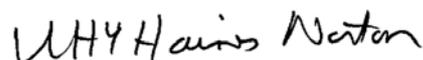
The litigation funding agreement repayment due date is the earlier of the following:

- (a) 31 December 2016, or such other date as the Borrower and 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.

These conditions along with other matters set forth in Note 1(c) "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.



Mark Nicholaeff
Partner
Signed at Sydney on 25th September 2015



UHY Haines Norton
Chartered Accountants

Videlli Limited and its Controlled Entities

INVESTOR INFORMATION

Shareholder Enquiries

Shareholders seeking information regarding their shareholdings should contact the Company's share registry:

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St George's Terrace
Perth Western Australia 6000
Telephone 1300 557 010
International +61 3 9415 4000
Facsimile +61 8 9323 2033
Website www.computershare.com
Email web.queries@computershare.com.au

Each enquiry should refer to the Security Number which is shown on the share certificates.

Change of Address

If you change your address, please notify the share registry in writing as soon as possible, quoting your Security Number and your old address for security purposes.

Change of Name

Shareholders who have changed their name should notify the share registry in writing attaching a copy of the relevant marriage certificate or deed poll.

Tax File Number

The Company is obliged to deduct tax from dividend payments to shareholders registered in Australia who have not quoted their tax file number (TFN) to the Company. If you have not already quoted your TFN, you may do so by contacting the share registry.