1. Summary of Significant Accounting Policies

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 comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issue by the Directors 28 February 2011.

Basis of Preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of investment property and available for sale assets. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are expressed in Australian dollars.

(a) Available for Sale Financial Assets

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the asset revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available for sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

(b) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate method.

(c) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

1. Summary of Significant Accounting Policies (cont)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 (2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- Liabilities or equity instruments related to the replacement by the Group of an acquiree's sharebased payment awards are measured in accordance with AASB 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments maturing within less than 3 months at the date of acquisition, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

(e) Financial Assets

Financial assets are classified into the following specified categories: held to maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial recognition.

Held to Maturity Investments

Bills of exchange are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Available-for-sale Financial Assets

Certain securities held by the entity are classified as being available-for-sale and are stated at fair values. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the period.

Loans and Receivables

Trade receivables, loans and other receivables are recorded at amortised cost less impairment.

1. Summary of Significant Accounting Policies (cont)

(f) Financial Instruments Issued by the Company

Debt and Equity Instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction Costs on the Issue of Equity Instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest

Interest is classified as an expense consistent with the statement of financial position classification of the related debt.

(g) Goods and Services Tax

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

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(h) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1. Summary of Significant Accounting Policies (cont)

(i) Impairment of Assets

At each reporting date, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(j) Income Tax

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the assets and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settles its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Period

Current and deferred tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

1. Summary of Significant Accounting Policies (cont)

(k) Investment Property

Investment property, which is properly held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in the fair value of the investment property are included in profit or loss in the period in which they arise.

(l) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Income from operating leases is recognised on a straight-line basis over the term of the relevant lease.
Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) Payables

Trade payable and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

(n) Provisions

Provisions are recognised when the entity has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(o) Revenue Recognition

Rental revenue comprises revenue earned from the rental of the premises at 360 Pacific Highway, Crows Nest, New South Wales. Rental revenue is recognised when the rent in respect of the premises is receivable.

Interest income is recognised as it accrues.

1. Summary of Significant Accounting Policies (cont)

(p) Standards and Interpretations affecting amounts reported in the Current Period (and/or prior periods)

All other new and revised Standards and Interpretations effective for the period ended 31 December 2010 have been adopted with no impact on the amounts or disclosures in the financial statements.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011	30 June 2012
AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	30 June 2014
AASB 2009-14 Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement	1 January 2011	30 June 2012
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	30 June 2011

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the company.

(q) Property, Plant and Equipment

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straightline method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

(r) Critical Accounting Judgements

In the application of the consolidated entities accounting policies, 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 circumstance, the results of which form the basis of making these 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.

1. Summary of Significant Accounting Policies (cont)

Key Sources of Estimation Uncertainty

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.

Investment Property

The directors made a critical judgement in relation to the value of the investment property included in Note 10. The directors determined the value to be $1,750,000 based on an independent valuation on 2 September 2010 by Landmark White (NSW) Pty Limited and the shareholder approval received on 13 January 2011 to sell the property to Gilt Properties Limited for $1,750,000 and are not aware of any reason for the value to have changed since the last independent valuation.

Listed Securities

The directors made a critical judgement in relation to the impairment of available-for-sale financial assets. The directors have determined that a decline of 20% below cost is considered significant and a decline below cost for 9 months is considered prolonged. All listed securities were sold during the current six month period ending 31 December 2010.

	Consolidated 6 Months to 31 December 2010 $	Consolidated 12 Months to 30 June 2010 $
2. Profit/(Loss) from Operations		
(a) Revenue		
Distributions received - other entities	18,480	174,195
Interest received - other entities	60,807	59,909
Loan facility fee	-	100,000
Gain on sale of shares	-	87,186
Rental income	63,920	142,552
Total revenue	143,207	563,842
(b) Other income		
Disposal of securities held for resale	329,200	-
(c) Expenses		
Directors fees	32,666	30,000
Finance costs - interest paid - other entities	79,277	124,342

	Consolidated 6 Months to 31 December 2010 $	Consolidated 12 Months to 30 June 2010 $
3. Income Taxes		
(a) Income tax recognised in profit or loss		
Tax expense comprises:		
Current tax expense	-	27,719
Tax expense/(income) - prior year	(3,067)	-
Deferred tax expense/(income)	(23,456)	12,003
Total tax expense/(income)	(26,523)	39,722

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:

Profit/(loss) from operations	(557,129)	237,211
Impairment of property	80,000	-
Non-temporary differences on disposal of securities	(149,779)	(99,778)
	(626,908)	137,423
Income tax expense/(income)	(162,700)	41,227
Deferred tax benefit not previously recognised	-	(1,505)
Deferred tax benefit not brought to account	136,177	-
	(26,523)	39,722
(b) Income tax recognised in equity		
Deferred tax on revaluation of available for sale investments	-	98,760

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period. The tax rate in Israel is 25%.

(c) Current tax asset		
Income tax refund due	17,243	-
(d) Current tax payables		
Prior year tax payable	24,652	27,719
(e) Deferred tax balances		
Deferred tax liabilities comprise:		
Temporary differences	-	122,216
Tax loss	-	-
	-	122,216

	Consolidated 6 Months to 31 December 2010 $	Consolidated 12 Months to 30 June 2010 $
3. Income Taxes (cont)		
(f) Unrecognised deferred tax balances		
The following deferred tax assets have not been bought to account as assets:		
Tax losses - revenue	133,023	-
Temporary differences	29,677	-
	162,700	-

Taxable and deductible temporary differences arise from the following:

	Opening balance	Charged to income	Charged to equity	Closing balance
31 December 2010 **Deferred tax liabilities:**				
Other	122,216	(23,456)	(98,760)	-
30 June 2010 **Deferred tax liabilities:**				
Other	51,773	12,003	58,440	122,216

	31 December 2010 $	30 June 2010 $
(g) Franking account balance		
Adjusted franking account balance	63,279	63,279

4. Key management personnel remuneration

The aggregate compensation of the key management personnel of the company is set out below:

Short-term employee benefits	161,029	30,000
Post employment benefits	2,040	-
Share-based payments	-	-
Termination benefits	-	-
	163,069	30,000

The remuneration above relates to directors fees paid to entities associated with Fred Bart, Cheryl Bart and Ian Dennis. The amount for the six month period ended 31 December 2010 also included the remuneration of the three executives of Audio Pixels Limited from 30 September 2010, being the effective date of acquisition.

	31 December 2010 $	30 June 2010 $
5. Remuneration of Auditors		
Audit or review of the financial report - Deloitte Touche Tohmatsu	16,750	10,500
Other auditors - Deloitte Touche Tohmatsu Israel	19,679	-
Other auditors - Ernst & Young Israel	5,904	-
Preparation of the tax return	2,500	1,600
	44,833	12,100
The auditor of Audio Pixels Holdings Limited is Deloitte Touche Tohmatsu.		
6. Cash and Cash Equivalents		
Cash on hand and at bank	5,144,431	1,739,585
Weighted average interest rate received on cash	4.75%	4.08%
7. Trade and Other Receivables		
Current		
Prepayments	24,218	3,645
Other debtors	23,788	31,130
	48,006	34,775
Other debtors comprise distributions receivable on listed securities and includes a lease straight lining adjustment over the term of the lease.		
Non Current		
Other debtors	2,131	-
Other debtors comprise security deposits with government bodies.		
8. Assets Held for Resale		
Strata title commercial property	1,750,000	-

The property was reclassified from an investment property during the period as the consolidated entity has entered into a contract of sale for $1,750,000 with a related party, Gilt Properties Limited, subject to the listing on the ASX of Gilt Properties Limited.

	31 December 2010 $	30 June 2010 $

9. Other Financial Assets

Non Current		
Securities in listed entities - at fair value	-	999,200

All investments were sold during the six month period ended 31 December 2010.

10. Investment Property

Strata Title commercial property		
Balance at start of financial year	1,830,000	1,830,000
Decrease for fair value adjustment	(80,000)	-
Transfer to assets held for resale (Note 8)	(1,750,000)	-
Balance at end of financial year	-	1,830,000
Current value of Strata Title Commercial Property	1,750,000	1,830,000

The fair value of the Strata Title commercial property was determined in accordance with a valuation carried out on 2 September 2010 by Landmark White (NSW) Pty Limited, independent valuers not related to the company. The valuation which conforms to Australian Valuation Standards was arrived at by reference to market evidence of transaction prices for similar properties and capitalisation of the net rental income at a rate of 7.50%.

The directors have determined the fair value of the property at 31 December 2010 based on the 2 September 2010 valuation, their review of market movements over the period.

11. Goodwill

Being goodwill acquired on the acquisition of Audio Pixels Limited on a provisional basis (Refer Note 24). The goodwill is allocated to the cash generating unit of Audio Pixels Limited of Israel.	2,708,135	-

	31 December 2010 $	30 June 2010 $
12. Property, Plant and Equipment		
Computers and related equipment - at cost	162,243	-
Less accumulated depreciation	(130,178)	-
	32,065	-
Office furniture and equipment - at cost	159,846	-
Less accumulated depreciation	(144,575)	-
	15,271	-
Leasehold improvements - at cost	552,355	-
Less accumulated depreciation	(278,041)	-
	274,314	-
Total net book value of Property, Plant and Equipment	321,650	-
Cost		
Computers and related equipment		
Balance at 1 July 2010	-	-
Additions through business combinations	159,401	-
Additions	10,089	-
Net foreign currency exchange differences	(7,247)	-
Balance as at 31 December 2010	162,243	-
Office furniture and equipment		
Balance at 1 July 2010	-	-
Additions through business combinations	167,459	-
Net foreign currency exchange differences	(7,613)	-
Balance as at 31 December 2010	159,846	-
Leasehold improvements		
Balance at 1 July 2010	-	-
Additions through business combinations	565,084	-
Additions	12,959	-
Net foreign currency exchange differences	(25,688)	-
Balance as at 31 December 2010	552,355	-

	31 December 2010 $	30 June 2010 $
12. Property, Plant and Equipment (cont)		
Accumulated depreciation		
Computers and related equipment - at cost		
Balance as at 1 July 2010	-	-
Addition through business combinations	(130,743)	-
Net foreign currency exchange differences	6,068	-
Depreciation expense	(5,503)	-
Balance at 31 December 2010	(130,178)	-
Office furniture and equipment		
Balance as at 1 July 2010	-	-
Addition through business combinations	(140,363)	-
Net foreign currency exchange differences	6,628	-
Depreciation expense	(10,840)	-
Balance at 31 December 2010	(144,575)	-
Leasehold improvements		
Balance as at 1 July 2010	-	-
Addition through business combinations	(268,792)	-
Net foreign currency exchange differences	12,718	-
Depreciation expense	(21,967)	-
Balance at 31 December 2010	(278,041)	-
13. Trade and Other Payables		
Current		
Trade payables and accruals	349,962	6,362

The payables are non interest bearing and have an average credit period of 30 days.

	31 December 2010 $	30 June 2010 $
14. Current Borrowings		
At amortised cost		
Commercial bill - secured	900,000	900,000
Financing arrangements		
Total facilities available	920,000	920,000
Facilities utilised at balance date	900,000	900,000
Facilities not used at balance date	20,000	20,000

The commercial bills are denominated in Australian dollars. The commercial bill facility of $900,000 is a committed facility secured by a registered first mortgage against the Strata Title property. The $900,000 commercial bill is rolled over on a monthly basis within a facility that expires on 31 March 2011. The average weighted interest rate on the interest bearing liabilities was 6.89% (2010 - 5.72%). The unused facility of $20,000 relates to a credit card facility. The carrying amount is equal to the fair value.

15. Provisions		
Employee benefits	152,026	-
16. Issued Capital		
Issued and paid up capital		
Fully paid Ordinary Shares		
Balance at the beginning of the financial period	3,200,025	3,200,025
Placement of shares at $2.00 each	4,800,000	-
Balance at the end of the financial period	8,000,025	3,200,025

Fully paid Ordinary Shares	Number	Number
Balance at the beginning of the financial period	16,000,125	16,000,125
Placement of shares at $2.00 each	2,400,000	-
Balance at the end of the financial period	18,400,125	16,000,125

Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

	31 December 2010 $	30 June 2010 $
17. Reserves		
Available-for-sale revaluation reserve on securities representing the change in fair value during the year		
Balance at the beginning of the financial period	230,440	94,080
Disposal of securities	(329,200)	-
Revaluation of securities to fair value	-	194,800
Related income tax	98,760	(58,440)
Balance at the end of the financial period	-	230,440
Foreign currency translation		
Balance at the beginning of the financial period	-	-
Translation of foreign operations	23,508	-
Balance at end of financial period	23,508	-
18. Minority Interests		
Balance at beginning of the financial period	-	-
Minority interests acquired as a result of purchase of Audio Pixels Limited	945,231	-
Share of losses for the period	(232,565)	-
Balance at end of financial period	712,666	-
19. Retained Earnings/(accumulated losses)		
Balance at the beginning of the financial period	126,798	(70,691)
Profit/(loss) for the period attributable to owners of the company	(298,041)	197,489
Balance at the end of the financial period	(171,243)	126,798

	31 December 2010 $	30 June 2010 $

20. Notes to the Cash Flow Statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than 3 months at the date of acquisition. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	5,144,431	1,739,585

(b) Restricted cash

Cash held as security for future lease payments	24,702	-

(c) Reconciliation of profit/(loss) for the period to net cash flows from operating activities

Profit/(loss) after related income tax	(530,606)	197,489
Impairment charges recognised in profit/(loss)	-	49,748
Reduction in fair value of investment property	80,000	-
Depreciation and amortisation	38,310	-
Foreign exchange	28,868	-
Profit on sale of securities	(228,987)	(86,925)
Changes in assets and liabilities		
(Increase)/decrease in assets		
Current trade and other receivables	20,248	(6,794)
Increase/(decrease) in liabilities		
Tax payable	(20,310)	36,623
Deferred tax liability	(122,216)	12,003
Current trade payables	62,651	(1,877)
Net cash from operating activities	(672,042)	200,267

21. Related Party Transactions

(a) Directors

The Directors of Global Properties Limited in office during the year were Fred Bart, Ian Dennis and Cheryl Bart.

(b) Directors' Shareholdings

	31 December 2010 Number	30 June 2010 Number
Fred Bart	5,283,470	5,028,439
Ian Dennis	520,050	520,050
Cheryl Bart	500,000	500,000

During the period from 30 June 2010 to 31 December 2010, Mr Bart subscribed for a placement of 250,000 ordinary shares in the Company at $2.00 per share which was approved by shareholders in general meeting. Mr Bart also purchased a further 5,031 ordinary shares as part of the acquisition of Audio Pixels Limited which was also approved by shareholders in general meeting. Mr Fred Bart purchased 6,550 shares during the year ended 30 June 2010 on market.

(c) Transactions with related entities

The company has paid $9,078 (2010: $25,366) in respect of rental of the Sydney offices premises to 4F Investments Pty Limited, a company associated with Fred Bart. These rentals are based on a share of actual costs incurred and do not include a profit mark up.

During the year ended 30 June 2010 the Company advanced an unsecured loan of $1,000,000 to Electro Optic Systems Holdings Limited, a company of which Fred Bart and Ian Dennis are directors and shareholders of. The loan attracted a facility fee of $100,000 together with normal commercial interest of $9,764 which were included as income during the previous period. The loan and associated charges were repaid on 23 December 2009.

During the six month period ended 31 December 2010, the Company paid a total of $24,561 (Year ended 30 June 2010 - $20,000) to 4F Investments Pty Limited, a company associated with Mr Fred Bart in respect of directors fees and superannuation for Mr Fred Bart and Mrs Cheryl Bart.

During the six month period ended 31 December 2010, the Company paid a total of $10,416 (Year ended 30 June 2010 - $10,000) to Dennis Corporate Services Pty Limited, a company associated with Mr Ian Dennis in respect of directors fees and superannuation.

	31 December 2010	30 June 2010
22. Earnings per Share		
Basic earnings (loss) per share	(3.160 cents)	1.234 cents
Diluted earnings (loss) per share	(3.160 cents)	1.234 cents
Earnings (a)	(530,606)	197,489
Weighted average number of Ordinary Shares (b)	16,790,071	16,000,125

(a) Earnings used in the calculation of basic earnings per share are the same as the net profit/(loss) in the Statement of comprehensive income.

Diluted earnings (loss) per share

At balance date there are no options or other securities currently issued which would potentially result in the dilution of the share capital. Accordingly the basic earnings per share is the same as diluted earnings per share. Since the end of the financial period, the company issued 1,066,879 unlisted options on 11 February 2011 to founders and staff as part of the acquisition of Audio Pixels Limited - these options have an exercise price of 38 cents and are exercisable on or before 31 March 2013.

23. Segment Information

The consolidated entity operated in the investment industry in Australia for all periods prior to 30 September 2010. Since 30 September 2010, the company acquired an equity interest in Audio Pixels Limited of Israel which is involved in the development of digital speakers.

	31 December 2010 $	30 June 2010 $
Segment Revenues		
Property investment	63,920	142,552
Other investments	18,480	361,381
Digital speakers	-	-
Total of all segments	82,400	503,933
Unallocated	60,807	59,909
Total	143,207	563,842
Segment Results		
Property investment	41,953	87,611
Other investments	(91,630)	149,600
Digital speakers	(507,452)	-
Total of all segments	(557,129)	237,211
Unallocated	-	-
Profit (loss) before income tax	(557,129)	237,211
Income tax gain/(expense)	26,523	(39,722)
Profit for the period	(530,606)	197,489

The consolidated entity had one customer who provided 100% of the rental income for the six month period ended 31 December 2010. The consolidated entity had two customers who each provided in excess of 10% of rental revenue, being $95,880 and $45,921, for the year ended 30 June 2010.

The consolidated entity had a transaction with one party that generated $100,000, being 100% of the loan facility fee, for the year ended 30 June 2010.

The consolidated entity was entitled to a distribution from one investment for the six month period ended 31 December 2010 of $18,480. The company was entitled to distributions from two investments, each being in excess of 10% of Distributions received for the year ended 30 June 2010. The amounts recorded in revenue were $148,995 and $25,200.

23. Segment Information (cont)

Segment Assets and Liabilities

	Assets		Liabilities	
	31 December 2010 $	30 June 2010 $	31 December 2010 $	30 June 2010 $
Property investment	1,750,000	1,830,000	900,000	900,000
Other investments	17,243	1,043,975	-	6,362
Digital speakers	3,079,922	-	501,988	-
Total all segments	4,847,165	2,873,975	1,401,988	906,362
Unallocated	5,144,431	1,739,585	24,652	149,935
Consolidated	9,991,596	4,613,560	1,426,640	1,056,297

Assets used jointly by reportable segments are allocated on the basis of the revenue earned by the individual reportable segments.

Other Segment Information

	Depreciation and amortisation of segment assets		Acquisition of segment assets	
	31 December 2010 $	30 June 2010 $	31 December 2010 $	30 June 2010 $
Property investment	-	-	-	-
Other investments	-	-	-	15,747
Digital speakers	38,310	-	1,093,733	-
Total all segments	38,310	-	1,093,733	15,747
Unallocated	-	-	-	-
Consolidated	38,310	-	1,093,733	15,747

Information on Geographical Segments

Geographical Segments	Revenue from External Customers $	Segment Assets $	Acquisition of Segment Assets $
31 December 2010			
Australia	143,207	6,565,049	-
Israel	-	3,426,547	1,093,733
Total	143,207	9,991,596	1,093,733
30 June 2010			
Australia	563,842	4,613,560	15,747
Israel	-	-	-
Total	563,842	4,613,560	15,747

24. Acquisition of Subsidiary

On 30 September 2010, the company acquired an effective 54.17% equity interest in Audio Pixels Limited of Israel for a cash payment of $1,093,733. Audio Pixels Limited is based in Israel and is involved in the development of digital speakers.

Net assets acquired		Fair value on acquisition $
Assets		
Cash		261,775
Accounts receivable		22,957
Long term deposit		2,162
Property, plant and equipment		352,046
		638,940
Liabilities		
Borrowing from bank		622,130
Advance from parent company		257,705
Trade payables		47,133
Other accounts payable		401,032
		1,328,000
Deficiency in net assets at acquisition		(689,060)
Amount paid for 54.17%	$1,093,733	
Gross up for 100%	$2,019,075	2,019,075
Goodwill on acquisition		2,708,135

The acquisition was paid for in cash.

The initial accounting for the acquisition of the subsidiary has only been provisionally determined at the reporting date as the directors are seeking further information regarding the fair values of certain assets. The provisional values reflected above have been determined based on the directors' best estimate of the likely fair values.

The newly acquired subsidiary of the Group incurred an operating loss since acquisition of $507,451. The acquired subsidiary is a research and development company. Had the subsidiary been part of the Group for the full half-year period, it's operating revenue would have been Nil and its operating loss would have been $774,534.

The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods. In determining the 'pro-forma' revenue and loss of the Group had Audio Pixels Limited been acquired at the beginning of the current reporting period, the directors have:

- adjusted for the effect of the pre-acquisition revenue and loss for the three month period prior to acquisition of $427,000; and
- adjusted for the effect of one-off pre-acquisition transactions (including legal costs and other administrative expenses relating to the business acquisition). These amounted to $159,917.

25. Financial Risk Management Objectives and Policies

The consolidated entity principal financial instruments comprise receivables, payables, cash, equity investments, borrowings and short term deposits.

Due to the small size of the company significant risk management decisions are taken by the board of directors. These risks include market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Directors do not plan to eliminate risk altogether, rather they plan to identify and respond to risks in a way that creates value for the company and its shareholders. Directors and shareholders appreciate that in order for the consolidated entity to compete and grow, a long term strategy needs to involve risk taking for reward.

The consolidated entity does not use derivative financial instruments to hedge these risk exposures.

Risk Exposures and Responses

(a) Interest rate risk

The Group's exposure to market interest rates relates primarily to the consolidated entities cash holdings and short term deposits.

At balance date, the consolidated entity had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	31 December 2010 $	30 June 2010 $
Financial assets		
Cash and cash equivalents	5,144,431	1,739,585
Financial liabilities		
Current borrowings at amortised cost	900,000	900,000

The Company constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

At 31 December 2010, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	31 December 2010 $	30 June 2010 $	31 December 2010 $	30 June 2010 $
Consolidated entity				
+1% (100 basis points)	12,161	11,850	12,161	11,850
-.5% (50 basis points)	(6,080)	(870)	(6,080)	(870)

The movements in profits are due to higher/lower interest rates on cash and cash equivalents balances. The cash and cash equivalents balances were higher in December 2010 than in June 2010 and accordingly the sensitivity is higher.

(b) Foreign currency risk

The consolidated entity has a foreign currency risk since the acquisition of Audio Pixels Limited. Audio Pixels Limited operates in Israel and all transfer of funds to Audio Pixels Limited are denominated in US dollars. The consolidated entity does not hedge its US dollar exposure.

25. Financial Risk Management Objectives and Policies (cont)

(c) 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. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties which are continuously monitored. Rental revenue is due in advance.

The credit risk on liquid funds is limited because the counterparties are major banks with high credit-ratings assigned by international credit agencies.

(d) Liquidity risk management

The consolidated entities approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The consolidated entities investments in money market instruments all have a maturity of less than 3 months.

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate risk management framework for the management of the consolidated entities short, medium and long term funding and liquidity requirements. The consolidated entity manages liquidity by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows and managing maturity profiles of financial assets.

The consolidated entities commercial bill borrowings of $900,000 are rolled over on a monthly basis at prevailing commercial interest rates. The commercial bill facility expires on 31 March 2011 and is not expected to be repaid before the expiry date.

The following tables detail the consolidated entities remaining contractual maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on these assets except where the consolidated entity anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Less than 1 month $	1-3 months $	3 months to 1 year $	1-5 years $
31 December 2010					
Non interest bearing	0.00	373,904	-	-	-
Variable interest rate instruments	2.00	120,726	402	1,809	12,060
Fixed rate instruments	5.25	4,670,345	40,686	183,087	1,220,580
30 June 2010					
Non interest bearing	0.00	-	-	-	-
Variable interest rate instruments	2.00	9,600	32	144	768
Fixed rate instruments	5.08	1,737,223	14,446	65,007	346,704

(e) Commodity price risk

The consolidated entity has no exposure to commodity price risk.

(f) Other price risks

The consolidated entity was exposed to equity price risks arising from equity investments prior to the sale of all these investments during the six month period ended 31 December 2010.

The fair values of equity investments are derived from quoted prices (unadjusted) in active markets for identical assets.

Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

26. Subsequent Events

Since the end of the financial period, shareholders approved the completion of the acquisition of the outstanding shares in Audio Pixels Limited of Israel at a general meeting held on 13 January 2011. At the meeting it was resolved to issue 4,892,838 new ordinary shares to the vendors and which are subject to escrow restrictions and 1,066,879 unlisted options were issued to founders and staff on 11 February 2011 at an exercise price of 38 cents and are exercisable on or before 31 March 2013.

At the general meeting, shareholders also approved the change of name of the company from Global Properties Limited to Audio Pixels Holdings Limited and the shares were re-listed on the ASX Limited on 1 February 2011. Shareholders also approved the sale of the investment property to a related party of the directors, Gilt Properties Limited for $1,750,000, subject to the listing of Gilt Properties Limited on ASX Limited.

On 14 November 2010, Audio Pixels Limited repaid a bank debt to the Silicon Valley Bank and all security in relation to the debt was formally released. Since balance date the parent company has registered a fixed and floating charge over all the assets of Audio Pixels Limited.

27. Parent Entity Disclosures

	31 December 2010 $	30 June 2010 $
Financial position		
Assets		
Current assets	7,986,358	1,784,360
Non-current assets	1,093,733	2,829,200
Total assets	9,080,091	4,613,560
Liabilities		
Current liabilities	976,422	934,081
Non-current liabilities	-	122,216
Total liabilities	976,442	1,056,297
Equity		
Issued capital	8,000,025	3,200,025
Reserves	-	230,440
Retained earnings	103,644	126,798
Total equity	8,103,669	3,557,263
Financial performance		
Profit/(loss) for the period	(23,154)	197,489
Other comprehensive income	-	136,360
	(23,154)	333,849

28. Controlled Entity

Name of Entity	Country of Incorporation	31 December 2010 %	30 June 2010 %
Parent Entity			
Audio Pixels Holdings Limited	Australia		
Controlled Entity			
Audio Pixels Limited	Israel	54.17	-

All entities are audited by Deloitte Touche Tohmatsu.

29. Leases

Operating leases - leasing arrangements (the Company as lessor)

Operating leases relate to the investment property owned by the consolidated entity with a remaining lease term of twenty one months, with an option for a further term of three years. The operating leases contain rental review clauses. The lessee does not have an option to buy the property at the expiry of the lease period.

	31 December 2010 $	30 June 2010 $
Non-cancellable operating lease receivables		
Not longer than 1 year	139,050	135,000
Longer than 1 year and not longer than 5 years	104,288	168,750
Longer than 5 years	-	-
	243,338	303,750

30. Additional Company Information

Audio Pixels Holdings Limited is a listed public company, incorporated and operating in Australia. The name of the company was changed from Global Properties Limited on 13 January 2011 following shareholder approval.

Registered Office and Principal Place of Business

Suite 2, Level 12
75 Elizabeth Street
Sydney NSW 2000
Australia

Tel: (02) 9233 3915
Fax: (02) 9232 3411

www.audiopixels.com.au

The Company has 8 employees in Israel.