Audio Pixels Holdings Limited
ACN 094 384 273

Formerly **Global Properties** Limited

Breaking the Barriers of Sound

ANNUAL REPORT 2010

CORPORATE DIRECTORY

Directors

Fred Bart (Chairman)
Ian Dennis
Cheryl Bart

Company Secretary

Ian Dennis

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Auditor

Deloitte Touche Tohmatsu
Chartered Accountants
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Australia

Bankers

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Share Registry

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DIRECTORS' REPORT

The Directors of Audio Pixels Holdings Limited (formerly Global Properties Limited) submit here with the financial report of the company for the financial period ended 31 December 2010. This report covers the six month financial period from 1 July 2010 to 31 December 2010 as a result of the change of balance date to a December year end following the acquisition of Audio Pixels Limited of Israel. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Name	Particulars
Fred Bart	Chairman and Chief Executive Officer. A director since 5 September 2000. He has been Chairman and Managing Director of numerous private companies since 1980, specialising in manufacturing, property and marketable securities. He is a member of the Australian Institute of Company Directors.
Ian Dennis	Non executive director and Company Secretary is a chartered accountant with experience as secretary and director in various public listed, mining companies and trusts. He has been involved in the investment banking industry and stockbroking industry for the past twenty five years. Prior to that, Ian was with KPMG, Chartered Accountants in Sydney. Appointed to the Board on 5 September 2000. He is a member of the Australian Institute of Company Directors.
Cheryl Bart AO	Non executive director. Appointed to the Board on 26 November 2001. Cheryl Bart is a lawyer and company director. She is Chairman of the South Australian Film Corporation, Adelaide Film Festival, Environmental Protection Authority, the Alcohol Education and Rehabilitation Foundation and ANZ Trustees Limited. She is a non-executive director of ETSA Utilities, Spark Infrastructure Group Limited and the Australian Broadcasting Corporation. She is a fellow of the Australian Institute of Company Directors.

Directorships of Other Listed Companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Fred Bart	Genetic Technologies Limited Electro Optic Systems Holdings Limited	May 1996 - November 2009 Since May 2000
Ian Dennis	Electro Optic Systems Holdings Limited	Since May 2000
Cheryl Bart	Spark Infrastructure Group Limited	Since November 2005

Principal Activities

The principal activities of the Company are an investment in Audio Pixels Limited of Israel and property investment. During the period the company acquired a controlling interest in Audio Pixels Limited of Israel and since the end of the financial year acquired 100% of Audio Pixels Limited. Audio Pixels Limited is engaged in the development of digital speakers. The company is in the process of selling its property investments.

Results

The net loss for the half-year financial period ended to 31 December 2010 was $530,606 (12 Months to 30 June 2010 - $197,489 profit).

DIRECTORS' REPORT

Dividends

The directors recommend that no dividend be paid and no amount has been paid or declared by way of dividend since the end of the previous financial year and up to the date of this report.

Review of Operations

The Company continues to lease its investment property known as Lots 3, 4, 25 and 45 at 360 Pacific Highway, Crows Nest. During the period the company sold its ASX listed securities and provided commercial loan facilities.

In August 2010, the Company acquired an effective 54.14% interest in Audio Pixels Limited of Israel by purchasing shares and a convertible note from existing shareholders. Since the end of the financial year the Company acquired the remaining minority shares in Audio Pixels Limited of Israel and now owns 100% of the issued share capital of Audio Pixels Limited.

Audio Pixels Limited is the developer of proprietary "digital speaker microchip" products and technologies that utilise Digital Sound Reconstruction techniques. The significance of this achievement is not only in achieving the final piece of the "end-to-end digital system", it does so by providing many improvements and benefits when compared to traditional analog speakers. The technology holds several rather significant advantages over conventional analog speakers, principally the ability to deliver higher quality sound in a significantly smaller form factor that is far more compliant with today's consumer electronic devices.

This reporting period was dominated by the company's continued focus on the engineering efforts required for the productisation of the technologies and the transition to a mass producible, commercially viable product. The bulk of our engineering efforts have been in the following areas:

- Implementing the first phases of the company's Fabrication Development Plan. The company has worked in very close collaboration with its chosen development partner, which happens to be one of the world's foremost consumer electronic and semiconductor fabrication conglomerates. The joint efforts have led to the successful completion of literally dozens of short loops intended to test, validate, and select the optimal fabrication process and techniques. These efforts have enabled the joint teams the timely advancement of the first phase of the chip fabrication process that utilises mass-production techniques.
- Design and build of an automated test and measurement system. This unique multifunctional test and measurement system which was designed and built in-house will enable the rapid yet highly accurate extraction of critical and complex mechanical, electrical and acoustical measurement data from the structures received from the fabrication lines.
- Design and simulation of a unique addressing and control scheme (and algorithms); enabling accurate functional control within a highly cost-effective wiring system between the logic controls and the mechanical structures.
- On the business and administrative front management has focused its attention on advancing the significant forward commitment into a rewarding agreement with the world's foremost consumer electronic and semiconductor fabrication conglomerates. Additionally management has for the most art completed the rather considerable effort entailed in restructuring of the organisation as to ensure full compliance with the rules, regulations and procedures as a wholly owned subsidiary of our publicly traded Australian parent company.

Changes in State of Affairs

Apart from the acquisition of Audio Pixels Limited during the financial year there was no significant change in the state of affairs of the company other than that referred to in the financial statements or notes thereto.

DIRECTORS' REPORT

Significant Events after Balance Date

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.

Apart from the above, there has not been any matter or circumstance that has arisen since the end of the financial year which is not otherwise dealt with in this report or in the financial statements, that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

Future Developments

The company will continue to focus on the development of its digital speaker technology.

Environmental Regulations

In the opinion of the directors the company is in compliance with all applicable environmental legislation and regulations.

Indemnification of Officers and Auditors

During or since the financial year, the company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the company against a liability incurred as such an officer or auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Directors' Interests and Benefits

The relevant interest of each director in the share capital of the Company as notified by the directors to the Australian Stock Exchange in accordance with Section 205G(1) of the Corporations Act as at the date of this report are:

Name	Ordinary Shares
Fred Bart	5,283,470
Ian Dennis	520,050
Cheryl Bart	500,000

Since the end of the previous financial year no director of the company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors as shown in the financial statements) because of a contract made by the company or related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest. There are no employment contracts for any of the directors.

DIRECTORS' REPORT

Remuneration Report

This report outlines the remuneration arrangements in place for Directors of the Company. The Company had no executives until the acquisition of Audio Pixels Limited of Israel at which time, three executives became key management personnel.

The Directors are responsible for remuneration policies and packages applicable to the Board members of the Company. The entire Board makes up the Nomination and Remuneration Committee. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities.

There are currently no performance based incentives to directors based on the performance of the Company.
There are no employment contracts in place with any Director of the Company. There are standard employment contracts for the three executives of Audio Pixels Limited in Israel including at will employment and a notice period of three months for termination.

The key management personnel of Audio Pixels Holdings Limited during the year were:

Name	Position
Fred Bart	Chairman and Chief Executive Officer
Cheryl Bart	Non executive director
Ian Dennis	Non executive director and company secretary
Danny Lewin	CEO and director of Audio Pixels Limited
Yuval Cohen	Director of Audio Pixels Limited
Shay Kaplan	Director of Audio Pixels Limited

The Directors fees of $10,000 per annum per director have remained constant since the listing of the company in December 2004 until 31 October 2010 and are not dependent on the earnings of the company and the consequences of the company's performance on shareholder wealth. On 1 November 2010, the total directors fees were increased to a total of $136,000 per annum plus 9% superannuation in line with the increased activities of the company. The increased directors fees are within the approved limit of $250,000 per annum approved by shareholders at the Annual General Meeting held on 24 September 2010.

The table below sets out summary information about the company's earnings and movements in shareholder wealth for the last 5 financial years.

	6 Months ended 31 December 2010 $	30 June 2010 $	30 June 2009 $	30 June 2008 $	30 June 2007 $
Revenue	143,207	563,842	438,819	344,384	319,145
Net profit/(loss) before tax	(557,129)	237,211	(246,279)	129,107	72,503
Net profit/(loss) after tax	(530,606)	197,489	(247,015)	90,375	50,755
Share price at start of year/period	0.260	0.160	0.205	0.270	0.450
Share price at end of year/period	4.60	0.260	0.160	0.205	0.270
Dividend Paid	0.000	0.000	0.000	0.000	0.000

Remuneration Report (cont)

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

	31 December 2010 $	30 June 2010 $
Short-term employee benefits	161,029	30,000
Post employment benefits	2,040	-
Share-based payments	-	-
Termination benefits	-	-
	163,069	30,000

	Short Term		Post Employment	Share Based Payments	Total
	Directors fees/ Salary $	Non-Monetary $	Superannuation $	Options $	$
December 2010					
Fred Bart	13,500	-	915	-	14,415
Cheryl Bart	9,583	-	563	-	10,146
Ian Dennis	9,583	-	562	-	10,145
Danny Lewin*	35,245	8,981	-	-	44,226
Yuval Cohen*	29,984	12,594	-	-	42,578
Shay Kaplan*	33,009	8,550	-	-	41,559
	130,904	30,125	2,040	-	163,069
June 2010					
Fred Bart	10,000	-	-	-	10,000
Cheryl Bart	10,000	-	-	-	10,000
Ian Dennis	10,000	-	-	-	10,000
	30,000	-	-	-	30,000

* The remuneration paid to the three executives of Audio Pixels Limited relates to the three month period from the effective date of acquisition, namely 30 September 2010.

Audit Committee

Due to the limitations imposed by size, the Company does not have a formally constituted audit committee.

DIRECTORS' REPORT

Directors' Meetings

During the year the company held two meetings of directors. The attendances of the directors at meetings of the Board were:

	Attended	Maximum possible attended
Fred Bart	2	2
Ian Dennis	2	2
Cheryl Bart	2	2

No meetings of the Nomination and Remuneration Committee were held during the year.

Non-audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 5 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services disclosed in Note 5 to the financial statements do not compromise the external auditors' independence, based on a resolution of directors, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 8.

Signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors.

I A Dennis
Director

Dated at Sydney this 28 day of February 2011.

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Audio Pixels Holdings Limited
Suite 2, Level 12
75 Elizabeth Street
SYDNEY NSW 2000

28 February 2011

Dear Board Members

Audio Pixels Holdings Limited (formerly Global Properties Limited)

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Audio Pixels Holdings Limited (formerly Global Properties Limited).

As lead audit partner for the audit of the financial statements of Audio Pixels Holdings Limited (formerly Global Properties Limited) for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Glen Sanford
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Audio Pixels Holdings Limited (formerly Global Properties Limited)

Report on the Financial Report

We have audited the accompanying financial report of Audio Pixels Holdings Limited (formerly Global Properties Limited), which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, 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 as set out on pages 11 to 40.

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 control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, 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 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 entity'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.

Deloitte.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Audio Pixels Holdings Limited (formerly Global Properties Limited), would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

(a) the financial report of Audio Pixels Holdings Limited (formerly Global Properties Limited) is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2010 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 6 of the directors' report for the half-year 31 December 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Audio Pixels Holdings Limited (formerly Global Properties Limited) for the half-year year ended 31 December 2010, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Glen Sanford

Glen Sanford
Partner
Chartered Accountants
Sydney, 28 February 2011

DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and give a true and fair view of the financial position and performance of the company;

(c) the directors have been given the declarations required by s.295A of the Corporations Act 2001; and

(d) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors.

I A Dennis
Director

Dated at Sydney this 28 day of February 2011.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2010

	Note	Consolidated 6 Months to 31 December 2010 $	Consolidated 12 Months to 30 June 2010 $
Revenue	2	143,207	563,842
Other income	2	329,200	-
Acquisition costs		(159,917)	-
Administrative expenses		(231,948)	(66,139)
Depreciation and amortisation		(38,310)	-
Directors fees		(32,666)	(30,000)
Exchange losses		(43,684)	-
Finance costs		(79,277)	(124,342)
Impairment charges		-	(49,748)
Loss on sale of shares		(1,453)	(261)
Property expenses		(21,967)	(54,941)
Reduction in fair value of investment property		(80,000)	-
Research and development expenses		(340,314)	-
Other expenses		-	(1,200)
Profit/(loss) before income tax	2	(557,129)	237,211
Income tax (expense)	3	26,523	(39,722)
Profit/(loss) for the year		(530,606)	197,489
Other comprehensive income			
Exchange differences arising on translation of foreign operations		23,508	-
Net gain on available for sale financial assets	17	(230,440)	136,360
Other comprehensive income/(loss) for the year, net of tax		(206,932)	136,360
Total comprehensive income (loss) for the year		(737,538)	333,849
Profit/(loss) attributable to:			
Owners of the company		(298,041)	197,489
Non-controlling shareholders		(232,565)	-
		(530,606)	197,489
Total comprehensive income attributable to:			
Owners of the company		(504,973)	333,849
Non-controlling shareholders		(232,565)	-
		(737,538)	333,849
Earnings per share			
Basic and diluted (cents per share)	22	(3.160)	1.234

Notes to the financial statements are included on pages 16 to 40.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	Consolidated December 2010 $	Consolidated June 2010 $
CURRENT ASSETS			
Cash and cash equivalents	6	5,144,431	1,739,585
Current tax asset	3	17,243	-
Trade and other receivables	7	48,006	44,775
Assets held for resale	8	1,750,000	-
TOTAL CURRENT ASSETS		6,959,680	1,784,360
NON CURRENT ASSETS			
Investments - available for sale	9	-	999,200
Investment property	10	-	1,830,000
Goodwill	11	2,708,135	-
Property, plant and equipment	12	321,650	-
Trade and other receivables	7	2,131	-
TOTAL NON CURRENT ASSETS		3,031,916	2,829,200
TOTAL ASSETS		9,991,596	4,613,560
CURRENT LIABILITIES			
Trade and other payables	13	349,962	6,362
Current tax payables	3	24,652	27,719
Borrowings	14	900,000	900,000
Provisions	15	152,026	-
TOTAL CURRENT LIABILITIES		1,426,640	934,081
NON CURRENT LIABILITIES			
Deferred tax liabilities	3	-	122,216
TOTAL NON CURRENT LIABILITIES		-	122,216
TOTAL LIABILITIES		1,426,640	1,056,297
NET ASSETS		8,564,956	3,557,263
EQUITY			
Issued capital	16	8,000,025	3,200,025
Reserves	17	23,508	230,440
(Accumulated losses)/Retained earnings	19	(171,243)	126,798
Equity attributable to owners of the company		7,852,290	3,557,263
Non-controlling interests	18	712,666	-
TOTAL EQUITY		8,564,956	3,557,263

Notes to the financial statements are included on pages 16 to 40.

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2010

December 2010 - Consolidated	Issued Capital $	Exchange translation reserve $	Minority Interests $	Available for sale Revaluation Reserve $	Retained Earnings/ (Accumulated Losses) $	Total $
Balance at 1 July 2010	3,200,025	-	-	230,440	126,798	3,557,263
Placement of equity at $2.00 per share	4,800,000	-	-	-	-	4,800,000
Minority interests of Audio Pixels Limited	-	-	945,231	-		945,231
	8,000,025	-	945,231	230,440	126,798	9,302,494
Other comprehensive income for the period	-	23,508	-	(230,440)	-	(206,932)
(Loss) for the year	-	-	(232,565)	-	(298,041)	(530,606)
Balance at 31 December 2010	8,000,025	23,508	712,666	-	(171,243)	8,564,956

June 2010	Issued Capital $	Available for sale Revaluation Reserve $	Retained Earnings/ (Accumulated Losses) $	Total $
Balance at 1 July 2009	3,200,025	94,080	(70,691)	3,223,414
Gain on available for sale investments	-	194,800	-	194,800
Income tax relating to components of other comprehensive income	-	(58,440)	-	(58,440)
Total comprehensive income for the period	-	136,360	-	136,360
Profit for the year	-	-	197,489	197,489
Balance at 30 June 2010	3,200,025	230,440	126,798	3,557,263

Notes to the financial statements are included on pages 16 to 40.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2010

	Notes	Consolidated 6 Months to 31 December 2010 $	Consolidated 12 Months to 30 June 2010 $
Cash flows from operating activities			
Receipts from customers		70,312	231,427
Payments to suppliers and employees		(742,364)	(128,172)
Income taxes paid		-	-
Distributions received		18,480	149,257
Interest and bill discounts received		60,807	59,909
Interest and other costs of finance paid		(79,277)	(112,154)
Net cash provided by (used by) operating activities	20	(672,042)	200,267
Cash flows from investing activities			
Payment for investment securities		-	(15,747)
Payment for investment		(1,093,733)	-
Payment for property, plant and equipment		(23,048)	-
Proceeds on sale of investment securities		997,747	359,390
Net cash inflows/(outflows) from investing activities		(119,034)	343,643
Cash flows from financing activities			
Placement of shares		4,800,000	-
Repayment of loan by related entity		-	1,000,000
Repayment of debt of subsidiary		(604,078)	-
Loan advanced to related entity		-	(1,000,000)
Net cash provided by financing activities		4,195,922	-
Net increase/(decrease) in cash and cash equivalents held		3,404,846	543,910
Cash and cash equivalents at the beginning of the financial year		1,739,585	1,195,675
Cash and cash equivalents at the end of the financial year	6	5,144,431	1,739,585

Notes to the financial statements are included on pages 16 to 40.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2010

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.

2. Profit/(Loss) from Operations

	Consolidated 6 Months to 31 December 2010 $	Consolidated 12 Months to 30 June 2010 $
(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

	31 December 2010 $	30 June 2010 $
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

	31 December 2010 $	30 June 2010 $
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

	31 December 2010 $	30 June 2010 $
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

	31 December 2010 $	30 June 2010 $
Employee benefits	152,026	-

16. Issued Capital

	31 December 2010 $	30 June 2010 $
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:

	31 December 2010 $	30 June 2010 $
Cash and cash equivalents	5,144,431	1,739,585

(b) Restricted cash

	31 December 2010 $	30 June 2010 $
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

	31 December 2010 $	30 June 2010 $
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.

22. Earnings per Share

	31 December 2010	30 June 2010
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.

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report.

Home Exchange

The Company's ordinary shares are quoted on the Australian Stock Exchange Limited under the trading symbol "AKP".
The Home Exchange is Sydney.

Substantial Shareholders

At 24 February 2011 the following substantial shareholders were registered:

	Ordinary Shares	Percentage of total Ordinary Shares
Fred Bart Group	5,283,470	29.35%

Voting Rights

At 24 February 2011 there were 657 holders of fully paid ordinary shares.

Rule 74 of the Company's Constitution stipulates the voting rights of members as follows:

"Subject to any rights or restrictions for the time being attached to any class or classes of shares and to this Constitution:

(a) on a show of hands every person present in the capacity of a Member or a proxy, attorney or representative (or in more than one of these capacities) has one vote; and

(b) On a poll every person present who is a Member or proxy, attorney or representative has member present has:

  (i) For each fully paid share that the person holds or represents - one vote; and

  (ii) For each share other than a fully paid share that the person holds or represents - that proportion of one vote that the amount paid (not credited) on the shares bears to the total amount paid and payable on the share (excluding amounts credited)."

Other Information

In accordance with Listing Rule 4.10.19, the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

Distribution of Shareholdings

At 24 February 2011 the distribution of ordinary shareholdings were:

Range	Ordinary Shareholders	Number of Shares
1-1,000	141	60,433
1,001 - 5,000	149	484,979
5,001 - 10,000	229	2,157,890
10,001 - 100,000	101	3,513,171
100,001 and over	37	17,076,490
	657	23,292,963

There were 7 ordinary shareholders with less than a marketable parcel.

There is no current on-market buy-back.

TWENTY LARGEST ORDINARY SHAREHOLDERS
QUOTED

At 24 February 2011 the 20 largest ordinary shareholders held 59.56% of the total issued fully paid quoted ordinary shares of 18,400,125.

Shareholder	Fully Paid Ordinary Shares	Percentage of Total
1. Landed Investments (NZ) Limited	3,615,000	19.65%
2. Fred Bart	1,102,250	5.99%
3. Kam Superannuation Fund Pty Limited	600,000	3.26%
4. Ian Dennis and Caroline Dennis	520,000	2.83%
5. Cheryl Bart	500,000	2.72%
6. Joshua Ehrlich <A/C Super Fund>	418,000	2.27%
7. Grandor Pty Limited	404,563	2.20%
8. Bart Superannuation Pty Limited	385,000	2.09%
9. Jamber Investments Pty Limited	371,000	2.02%
10. Link Traders (Aust) Pty Limited	351,000	1.91%
11. Matthew James Sachr	322,900	1.75%
12. Brent McCarty, Yvonne McCarty and Zeljan Unkovich	300,000	1.63%
13. Array Capital Corporation	300,000	1.63%
14. Lee K Lau	300,000	1.63%
15. Locope Pty Limited	281,000	1.53%
16. James Bart	250,000	1.36%
17. Nicole Bart	250,000	1.36%
18. Landed Investments Limited	248,960	1.35%
19. Norfolk Enchants Pty Limited	246,000	1.34%
20. Norbert Lipton	193,610	1.04%
	10,959,283	59.56%

Restricted Securities

The company has issued 4,887,807 ordinary shares to the vendors of Audio Pixels Limited which are subject to an ASX imposed restriction period of 12 months which expires on 25 January 2012. The ASX code for these securities is AKPAI.

The company has also issued 5,031 ordinary shares to one vendor of Audio Pixels Limited, who was a related party, which are subject to an ASX imposed restriction period of 24 months which expires on 1 February 2013. The ASX code for these securities is AKPAK.

The company has also issued 1,066,879 unlisted options exercisable at 38 cents to the founders and staff of Audio Pixels Limited which are subject to an ASX imposed escrow period of 12 months which expires on 11 February 2012. The ASX code for these securities is AKPAM.

In addition to the ASX imposed escrow periods, the vendors and the company have agreed that all these restricted securities will be subject to a restriction period of 2 years.

RESTRICTED ORDINARY SHAREHOLDERS
UNQUOTED

At 24 February 2011 the 19 restricted ordinary shareholders held 100% of the total issued restricted fully paid quoted ordinary shares of 4,892,838.

Shareholder	Fully Paid Ordinary Shares	Percentage of Total
1. Yuval Cohen	1,430,819	29.24%
2. Daniel Lewin	1,430,819	29.24%
3. Shay Kaplan	737,610	15.08%
4. Array Capital Corporation	288,556	5.90%
5. Lee K Lau	288,546	5.90%
6. Yamaha Corporation	150,860	3.08%
7. Annan Consultants Limited	117,984	2.41%
8. Austin Wang	99,153	2.03%
9. Global Alliance Inc.	96,151	1.97%
10. Israel Niv and Noga Niv	48,048	0.98%
11. Ornit Shiner	47,144	0.96%
12. Masaharu Shinya	40,063	0.82%
13. Vincent Win	40,023	0.82%
14. Shinar Efraim and Sary Efraim	28,844	0.59%
15. Ehud Kaplan	16,028	0.33%
16. Ofer Elad	14,752	0.30%
17. Lior Carmieli	7,376	0.15%
18. Landed Investments (NZ) Limited	5,031	0.10%
19. Ehud Housman	5,031	0.10%
	4,892,838	100.00%

RESTRICTED UNLISTED OPTION HOLDER
UNQUOTED

At 24 February 2011 the 6 restricted unlisted optionholders held 100% of the options outstanding of 1,066,879.
The options were issued on 11 February 2011 and are exercisable at 38 cents each and expire on or before 31 March 2013.

Shareholder	Fully Paid Ordinary Shares	Percentage of Total
1. Yuval Cohen	498,152	46.69%
2. Daniel Lewin	278,273	26.08%
3. Shay Kaplan	143,454	13.45%
4. Meir Ben Simon	75,000	7.03%
5. Havi Shimchovich	45,000	4.22%
6. Victor Cohen	27,000	2.53%
	1,066,879	100.00%

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Audio Pixels Holdings Limited is responsible for the corporate governance of the entity. The Board guides and monitors the business and affairs of Audio Pixels Holdings Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board recognises that it has a number of legal and other obligations to non-shareholder stakeholders.

The Directors are committed to protecting stakeholders' interests and keeping investors fully informed about the performance of the Group, while meeting stakeholders' expectations of sound corporate governance practices. To ensure the best representation of Shareholder interests, the Board will regularly review its corporate governance practices.

The Corporate Governance Statement follows the Australian Stock Exchange Corporate Governance Council's (the "Council's") "Corporate Governance Principles and Recommendations" released on 2 August 2007.

In accordance with the Council's recommendations, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. Audio Pixels Holdings Limited's Corporate Governance Statement is now structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

Principle 1.	Lay solid foundations for management and oversight
Principle 2.	Structure the Board to add value
Principle 3.	Promote ethical and responsible decision making
Principle 4.	Safeguard integrity in financial reporting
Principle 5.	Make timely and balanced disclosure
Principle 6.	Respect the rights of shareholders
Principle 7.	Recognise and manage risk
Principle 8.	Remunerate fairly and responsibly

Audio Pixels Holdings Limited's corporate governance practices were in place throughout the half-year year ended 31 December 2010, unless otherwise stated, and embrace the Council's best practice recommendations which are being put in place as appropriate.

Due to the limitations imposed by size, the Company does not meet Recommendation 3.1 of the Guidelines as the Company does not have a formal code of conduct. The Company has three executives and five staff based in Israel and three Australian based directors to which the code of conduct applies.

Due to the limitations imposed by size, the Company does not meet Recommendation 4.2 of the Guidelines as the Company does not have a formally constituted audit committee. All Directors of the Company act as the audit committee.

In accordance with Recommendation 5.1, the Board has appointed Ian Dennis, Director and Company Secretary to ensure compliance with ASX Listing Rule disclosure requirements. Due to the limitations imposed by size the Board has not established written policies and procedures.

The Directors respect the rights of shareholders in accordance with Principle 6. The Company sends all financial communications to shareholders who have requested hard copy financial statements and posts all relevant information including all ASX Announcements on the Company web site. Notices of Meetings are sent to all shareholders inviting them to attend the Annual General Meeting which is held at the registered office in Sydney. A representative of the auditor, Deloitte Touche Tohmatsu attends the Annual General Meeting.

The Directors have established a formal risk assessment plan in order to comply with Principle 7.

Additional information regarding the Company's corporate governance policies, its Directors and other relevant information can be found on the Company's website: **www.audiopixels.com.au**

CORPORATE GOVERNANCE STATEMENT

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each Director in office at the date of this Annual Report is included in the Directors' Report on page 2. Directors of Audio Pixels Holdings Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In the context of director independence, "materiality" is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5 percent of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10 percent of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to shape the direction of the Company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following Director of Audio Pixels Holdings Limited is considered to be independent:

Name	Position
Mr Ian Dennis	Non-executive Director

Due to limitations imposed by the small size of the Company, the company does not comply with Recommendation 2.1 in having a majority of independent directors. The Chairman, Mr Fred Bart is not an independent Chairman as recommended by Recommendation 2.2. The Board proposes to maintain the current directors until the size of the activities of the Company warrant further changes.

There are procedures in place, agreed by the Board, to enable directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

The term in office held by each Director in office at the date of this report is as follows:

Name	Position	Term in Office
Mr Fred Bart	Non-Executive Chairman	10 years
Mr Ian Dennis	Non-Executive Director	10 years
Ms Cheryl Bart	Non-Executive Director	8 years

For additional details regarding board appointments, please refer to the Company's website.

Nomination Committee

The entire Board comprises the Nomination Committee. The Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of Director and, where appropriate, seeking the services of an independent consultant who is not a director of the Company to provide assistance in the recruitment of potential Directors.

Performance

The performance of the Board is reviewed regularly against both measurable and qualitative indicators. Directors whose performance is consistently unsatisfactory may be asked to retire.

Remuneration

One of the Company's key objectives is to provide maximum stakeholder benefits from the retention of a high quality Board by remunerating Directors fairly and appropriately with reference to relevant employment market conditions. The entire Board comprises the Remuneration Committee. The expected outcomes of the remuneration structure are:

- Retention and motivation of directors; and
- Attraction of quality management to the Company;

For details regarding the amount of remuneration and all monetary and non-monetary components for each of the key management personnel during the year, refer to the Remuneration Report in the Directors report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves.

Securities Trading Policy

1. Introduction

The Securities Trading Policy of Audio Pixels Holdings Limited ("AKP") regulates the sale and purchase of securities (ordinary shares, options and derivative products) in AKP by Directors, employees and associated persons.

The purpose of this Securities Trading Policy is to reinforce this position and to assist Directors, employees and associates to avoid conduct known as "insider trading". The Securities Trading Policy was updated to comply with ASX Listing Rules on Trading Policies which comes into effect on 1 January 2011.

2. What is Insider Trading?

2.1 Prohibition

Insider trading is a criminal offence. A person will be guilty of insider trading if:

(a) that person possesses information in relation to a company which is not generally available to the market, and if it were generally available to the market, would be likely to affect the price or value of that company's securities (ie. information that is "price sensitive"); and

(b) that person:

  (i) buys or sells securities in the company;

  (ii) procures someone else to buy or sell securities in the company; or

  (iii) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to deal in the securities or procure someone else to deal in the securities of the company.

When is information "generally available"?

Information is considered to be generally available if it:

(a) is readily observable; (for example, published in the press, or in marketing communications); or

(b) has been made known in a manner likely to bring it to the attention of persons who commonly invest in securities of a kind whose price or value might be affected by the information (e.g. by way of an ASX announcement) and, since the information was made known, a reasonable period has elapsed.

Examples of inside information:

Some examples of information which could be inside information are:

- Sales figures;
- Profit forecasts;
- Unpublished announcements, or knowledge of possible regulatory investigation;
- Liquidity and cashflow;
- Proposed changes in AKP's capital structure, including issues of securities, right and buy-backs;
- Borrowings;
- Major asset purchase or sales;
- Impending mergers, acquisitions, reconstructions, takeovers, etc;
- Significant litigation;
- Significant changes in operations;
- Significant changes in industry;
- New products/services in technology;
- Proposed dividends;
- Management restructuring or Board changes, and
- New contracts or customers.

2.3 Dealing through Third Parties

A person does not need to be a Director or employee of AKP to be guilty of insider trading in relation to securities in our Company. The prohibition extends to dealings by Directors and employees through nominees, agents or other associates, such as family members, family trusts and family companies.

2.4 Employee Share and Option Schemes

The prohibition will not apply to the initial acquisition of shares or options under AKP's Employee Share Ownership Plan or under any Prospectus issued by the Company.

However, it will apply when shares are disposed of, or options are exercised, if the employee at that time is in possession of price sensitive information that is not generally available to the market.

3. Guidelines for Trading in AKP Securities

3.1 General Rule

Directors and employees of AKP should not buy or sell securities in AKP, when AKP is in possession of price sensitive or confidential information that is not generally available to the market.

3.2 Safest Times to Deal in AKP Securities

There is no particular time during which it is "safe" or "unsafe" to deal in AKP securities. The SOLE TEST is whether, at the particular time, a Director or employee is in possession of price sensitive information that is not generally available in the market.

3.3 Closed Periods

Subject to the insider trading provisions of the Corporations Act and the notification requirements of the Company set out in the " Trading Policy", the trading windows (in order to minimise suggestions of insider trading) for any Directors or employees to deal in Securities is during the four week period commencing on the second business day after:

(a) AKP's annual general meeting;

(b) The release of AKP's half-yearly announcement to the ASX;

(c) The release of AKP's preliminary final statement or full year announcement to ASX (whichever is earlier);

(d) The release of a disclosure document (e.g. a prospectus) by AKP; and

(e) The release of the quarterly commitments test report known as Appendix 4C.

In accordance with ASX Listing Rule 12.12.2 Directors and employees are prohibited from trading in the Company's securities except during the above "trading windows" (in which case, the closed period is the whole of the year apart from the defined trading windows).

The Chairman of the Board, or the Chairman's delegate, (e.g. the Company Secretary) may also notify Directors and employees of AKP in writing of other ad hoc closed periods determined by the Board.

3.4 Excluded Trading

For the purposes of ASX Listing Rule 12.12.3 the following examples of trading in the Company's securities are excluded from the operation of the Trading Policy:

1. transfers of securities of the Company already held by Directors or employees into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
2. transfers of securities of the Company already held by Directors or Employees to or from private companies or trusts controlled by the restricted person;
3. an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the entity) where the assets of the fund or other scheme are invested at the discretion of a third party;
4. where a restricted person is a trustee, trading in the securities of the Company by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during the prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;

5. undertakings to accept, or the acceptance of, a takeover offer;

6. trading under an offer or invitation made to all or most of the security holders. Such as, a rights issue, a security purchase plan, a dividend reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rate issue;

7. a disposal of securities of the Company that is the result of a secured lender exercising their rights under a margin lending arrangement. Any agreements by Directors or employees that provide lenders with rights over their interest in the Company's securities must be approved in writing beforehand by the Board;

8. the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls within the prohibited period and the Company has been in an exceptionally long prohibited period or the Company has had a number of consecutive prohibited periods and the restricted person could not reasonably have been expected to exercise it at a time when free to do so.

3.5 Trading During a Prohibited Period with Prior Written Clearance

In accordance with ASX Listing Rule 12.12.4, a restricted person, who is not in possession of inside information in relation to the Company, may be given prior written clearance by the Chairman of the Board or the Chairman's delegate (e.g. the Company Secretary) to sell or otherwise dispose of the securities of the Company during a prohibited period under the Trading Policy where the restricted person is in severe financial hardship or there are other exceptional circumstances approved by the Board.

3.6 Procedures for Clearance

In accordance with ASX Listing Rule 12.12.5 any request for clearance to trade during a prohibited period due to exceptional circumstances must be in writing to the Chairman of the Board prior to the trade setting out the reasons for the request and the approval of the Chairman of the Board must be in writing (electronic clearance by email or facsimile is acceptable) and is only valid for five (5) business days after the approval is given.

4. Disclosure Policy

Any Director or employee proposing to buy or sell in excess of 20,000 AKP securities MUST advise the Chairman (in the case of Directors) or the Company Secretary (in the case of employees) in writing (on any approved form) of their intention to do so BEFORE buying or selling the securities. This notification obligation operates at all times.

Directors and employees must not buy or sell AKP in excess of 20,000 AKP securities until approval has been given by the Board, Chairman or Company Secretary. The Board, Chairman or Company Secretary should not reasonably withhold approval and if a response is not received within 48 hours of the advice, approval will be deemed to have been given.

5. Australian Stock Exchange Limited Notification by Directors

The Australian Stock Exchange Listing Rules oblige any Director dealing in AKP securities to notify AKP (through AKP's Company Secretary) within 3 days after any dealing providing full details of the dealing in accordance with the prescribed (Appendix 3Y) form.

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