

**BILL EXPRESS LIMITED
ABN 74 090 059 564
AND ITS CONTROLLED ENTITIES**

**HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007
PROVIDED TO THE ASX UNDER LISTING RULE 4.2A**

**This half-year financial report is to be read in conjunction with the
financial report for the year ended 30 June 2007.**

Appendix 4D

Half Year Report for the six months to 31 December 2007

Name of entity

Bill Express Limited

ABN or equivalent company reference: ABN 74 090 059 564

1. Reporting period

Report for the half year ended	31 December 2007
Previous corresponding period is the financial year ended and half year ended	30 June 2007 31 December 2006

2. Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	up 5.5% to	\$'000 535,819
Profit / (loss) from ordinary activities after tax attributable to members (<i>item 2.2</i>)	down 152% to	(2,045)
Net profit / (loss) for the period attributable to members (<i>item 2.3</i>)	down 152% to	(2,045)
Dividends (<i>item 2.4</i>) The company is not proposing to pay any dividends	Amount per security	Franked amount per security
Interim dividend	Nil	Nil
Final dividend	Nil	Nil
Previous corresponding period –June 2006	Nil	Nil
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	N/A	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>):		
Refer to the Chief Executive's report and half year financial report for the half year ended 31 December 2007.		

3. Net tangible assets per security (item 3)

Net tangible asset backing per ordinary security

Current period	Previous corresponding period
\$0.084	\$0.123

4. Details of entities over which control has been gained or lost during the period: (item 4)

Control gained over entities

Name of entities (item 4.1)

N/A

Date(s) of gain of control (item 4.2)

N/A

Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (item 4.3)

N/A

Profit / (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)

N/A

Loss of control of entities

Name of entities (item 4.1)

N/A

Date(s) of loss of control (item 4.2)

N/A

Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (item 4.3).

N/A

Profit / (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)

N/A

5. Dividends

	Date of payment	Total amount of dividend
Interim dividend – year ended 30 June 2007	N/A	\$Nil
Final dividend – year ended 30 June 2006	N/A	\$Nil

Amount per security

		Amount per security	Franked amount per security	Amount per security of foreign sourced dividend
Total dividend:	Current year	Nil	Nil	Nil
	Previous year – June 2005	Nil	Nil	Nil

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period – December 2005
Ordinary securities <i>(each class separately)</i>	Nil	Nil
Preference securities <i>(each class separately)</i>	Nil	Nil
Other equity instruments <i>(each class separately)</i>	Nil	Nil
Total	Nil	Nil

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6. Details of dividend or distribution reinvestment plans in operation are described below:

The Directors do not propose to declare a dividend in respect of the half year period ending 31 December 2007.

The Company has established, but not yet activated, a Dividend Reinvestment Plan ("DRP") to provide Shareholders with the opportunity of reinvesting dividends in new Shares rather than receiving dividends in cash. The Directors may alter, suspend or terminate the terms of the DRP at any time. It will not commence operation until the Directors so resolve and Shareholders will be notified accordingly.

Participation in the DRP is optional. A shareholder may participate in the DRP in respect of all of its Shares or in respect of some only. Participating Shareholders may terminate their participation or increase or decrease the number of Shares participating under the DRP.

The Directors may decline to accept an application to participate in the DRP if, in their opinion, the laws of Australia or another country makes the Shareholder's participation in the DRP illegal, impractical, or undesirable.

Shares issued under the DRP will be issued at a price which is 100%, or such lower percentage as the Directors may resolve, but which may not be less than 95%, of the average sale price, rounded to the nearest cent, of all Shares sold on the ASX on the date the Company's share register is closed to determine the entitlement to a dividend and the four trading days immediately preceding the date.

No brokerage, commission or other transaction costs will be payable by participating Shareholders on Shares issued under the DRP.

The Directors may alter, suspend or terminate the DRP at any time by giving notice to Shareholders.

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

N/A

7. Details of associates and joint venture entities

Name of associate or joint venture entity	Percentage of securities held
ETT limited	20.4%

Aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':

	2007 \$'000	2006 \$
Profit / (loss) from ordinary activities before tax	(1,818)	-
Income tax on ordinary activities	(8)	-
Net profit / (loss) from ordinary activities after tax	(1,826)	-
Adjustments	-	-
Share of net profit / (loss) of associates and joint venture entities	(1,826)	-

8. The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached), which has been prepared in accordance with Australian accounting standards.

9. Independent review of the financial report

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.



Bill Express Limited

BILL EXPRESS CHIEF EXECUTIVE'S REPORT

As at 31 December 2007

While the first half financial results have been specifically impacted by timing differences arising from equity accounting and one off investments in the bopo business the Company has continued to consolidate the operations of the core businesses, and to invest in the future.

The Company has invested heavily in the bopo business which utilizes the extensive network of terminals, Billers and electronic products and consolidates the Company's strategic position.

Key Performance Indicators

31 December 2007
\$'000

Revenue	535,819
EBITDA	15,530
NPAT	(2,045)

As noted above the two significant event that reduced EBITDA and NPAT in this first six (6) month period were as follows:

1. As a result of equity accounting the investment in ETT Limited, a loss of \$1,826,283 has been booked in this period. This loss is expected to be negated by a subsequent event being a profit in excess of \$2.5m on the proposed sale of those shares which will be finalised shortly and is to be booked in the second half of the year (current 6 month period).
2. The Bopo costs for the initial acquisition of customers and brand establishment. These included one off co branding and sponsorship strategies with PBL media assets and MTV of \$3.4million to create initial critical mass uptake and to launch bopo. This investment is producing ongoing monthly fee revenue and it has established an initial card user base. The broad analytics are that the annual fee revenue per card holder should more than recoup this initial customer acquisition cost over the next 12 months and furthermore as brand recognition is growing the cost of acquisition of new customers is falling so as to

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Bill Express Limited

justify the initial outlay. The current sales pipeline for bopo cards shows the initial strategy has been successful and that it will also protect and grow the core prepaid and bill pay business of Bill EXPRESS. Numerous Billers are currently involved in projects for the utilisation of bopo capabilities.

Nonetheless there is a timing difference between outlays and revenues. Aside from the synergies and benefits for the business as a whole the bopo business represents a separably identifiable asset which is generating ongoing and specific monthly fee revenues and whilst the costs have been entirely expensed in this financial period, the relevant revenues will be booked in the following periods as explained above.

Our performance was assisted by the restructuring of our finance facilities in November 2007 which has reduced our borrowing costs.

Consistent with previous periods, we have continued to fund the expansion of APN's business through our facilities. APN has positively contributed to profit, despite some temporary slowing of growth in sales for APN in the second half of 2007 whilst the new Government funding arrangements were put in place. This is now improving with the successful finalisation of those arrangements and our confidence is illustrated by the decision to acquire the controlling stake in APN.

Bill Express Division (DialTime and Bill Payment)

During the period the revenue base has continued to strengthen, driven predominantly by the strength of our DialTime prepaid business with the revenue generated per terminal continuing to improve, and with bill payment transactions continuing to grow.

The company has gone live with the Tattersall's lottery ticketing program. This program provides mutual Tattersall's and Bill Express newsagents the ability to process tickets and pay prizes for Tattersalls products using Bill Express terminals – this will increase the capacity of Newsagents in peak times, and provide further income sources for Bill Express.

Spend on the network and Capex has tapered off with the maturity of the existing network, in the approx 14,000 locations across Australia. The footprint of our network roll out around Australia is now substantial and at this stage in our evolution, satisfactory. The network and

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technology is recognized as a market leader with many organizations in current negotiation and technical projects to use the network and leverage BXP expertise in this area. This gives rise to additional revenue streams that the network can generate through hosting, access and license fees. Bill Express now vends in excess of 50% of the prepaid mobile retail value sold by each of the major Telcos.

During the period growth of the biller network continued with Origin Energy and Vodafone the most notable billers added. In addition, work is progressing well toward porting billers to the new bopo Pay product (refer bopo section).

Media Division

The media network promotes a range of products, including DialTime prepaid products and bill payment services. Local advertisers are the most successful advertising income channel, through promotion within the Mi-Systems suite of products to local small businesses and penetration into this market segment is showing significant potential. The avoidance of costs for on site promotion and on site signage through use of this electronic billboard medium and the income stream developing from it warrants the continuation of effort and support for the media division.

Bopo Division – Prepaid Visa Card

The future for the bopo prepaid Visa card continues to look very positive. The bopo card has all the functionality of a Visa card and can be used in shops, ATMs and online and is integrated with prepaid sales and bill pay functionality. The bopo card has no credit approval requirements and can be loaded with money at Bill Express newsagents nationally. The bopo card has advanced mobile commerce capability including allowing a cardholder to instantly send money to another bopo cardholder anywhere in the world via SMS. The bopo card also offers consumers the ability to limit fraud risk as the bopo card is separated from the cardholder's bank account.

The company is focusing heavily on major co-branded bopo card contract opportunities with businesses that have large numbers of customers and are seeking a significant improvement in payments to customers. The bopo card is distributed by the business to its customers and

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Bill Express Limited

then payments made electronically to the card with a notification SMS to the cardholder that the payment is now on the card.

The bopo card extends Bill Express transaction capability from prepaid mobile to prepaid payment cards and allows the company to leverage the established national bill payment network with new products developed within Bill Express. Some of the more significant highlights are:

- Bopo recently passed the milestone of processing one million transactions. Consumers are taking up the product most heavily in the 18 – 45 age group, across all demographics and across metro and regional areas.
- Development of the bopo Pay facility. Bopo pay allows cardholders to pay bills via SMS or on line, with the payment coming from their bopo card.
- Immediately prior to Christmas, Bopo released the bopo Gift cards retailed in outlets across Australia through the Blackhawk distribution network.
- Bopo is well advanced with a series of Government trials that target significant strategic card acquisition opportunities
- Bopo is advancing with several credit unions and several large work in progress projects

Performance has also been solidified by further licenses which have been sold for use in Australia and overseas relating to the bopo technology, highlighting the company's continued ability to achieve financial returns through utilisation of its core technology products.

Subsequent Events

The board is in 2008 resolved to proceed with a series of transactions aimed at improving the company's structuring and expanding its operations into further profitable areas. This involves

1. the acquisition of Australian Private Networks Pty Ltd (which trades as Activ8me). APN provides broadband satellite based internet services in regional areas where fixed line broadband is unavailable, subsidized by the Commonwealth Government's Broadband Guarantee fund. This acquisition is expected to add to the Company's revenues and profitability.
2. International Expansion and OnQ. Bill Express is in discussions with OnQ (37% shareholder in Bill Express) regarding the possible bringing together of the Bill Express

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Bill Express Limited

and OnQ businesses to enable Bill Express to capitalize on its current business on an international basis.

3. Boosting internal resources and reduced reliance on outsourcing.
4. Proposed sale of ETT Limited investment.

The Directors wish to thank all shareholders, suppliers and staff for their generous support and efforts during the 2007 calendar year and the board and management team look forward to the full 2008 financial year's results with anticipation.

Yours faithfully

A handwritten signature in black ink, appearing to read "Ian Christiansen", written in a cursive style.

Ian Christiansen
Chief Executive Officer

The product distribution, sales and payments network.



BILL EXPRESS LIMITED

ABN 74 090 059 564

AND ITS CONTROLLED ENTITIES

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2007**

This half-year financial report is to be read in
conjunction with the financial report for the year
ended 30 June 2007

**BILL EXPRESS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2007**

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BILL EXPRESS LIMITED AND ITS CONTROLLED ENTITIES DIRECTORS' REPORT

The directors present their report together with the condensed financial report of the consolidated entity consisting of Bill Express Limited and the entities it controlled, for the half-year ended 31 December 2007 and independent review report thereon. This financial report has been prepared in accordance with Australian Equivalents of International Financial Reporting Standards.

Directors Names

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

Name	Period of directorship
Michael Doery (Chairman)	Director since 16 October 2006
Ian Christiansen (Executive Director & Chief Executive Officer)	Director since 31 July 2000
Hal Christiansen (Non-Executive Director)	Director since 21 October 1999
Julian Little (Executive Director)	Director since 31 July 2000
Craig Brown (Non-Executive Director)	Director since 2 April 2007
Chris Murphy (Non-Executive Director)	Director since 2 April 2007
Leath Nicholson (Alternate for Hal Christiansen)	Alternate director since 12 February 2007

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of Operations

The consolidated loss of the group for the half year after providing for income tax amounted to (\$2,045,434) (2006 profit of \$3,927,712)

During the period ended 31 December 2007 the company continued to consolidate its operations in the area of its core competency, along with investing heavily for continued growth of the bopo business. Our extensive network of terminals and billers underpins our platform to allow us to be in a continued strong strategic position.

During the period under review the company maintained its strong revenue base. Details of our financial results are contained within the attached financial statements.

During the half year ended 31 December 2007 the company recorded two expense items that impacted the financial result for the period. Bill Express recorded a loss from an equity accounted investment in the amount of \$1,826,283. The group also incurred \$3,399,562 of expenses associated with promoting the bopo product.

Refer to the CEO's report accompanying this financial report for further commentary on the results.

**BILL EXPRESS LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT**

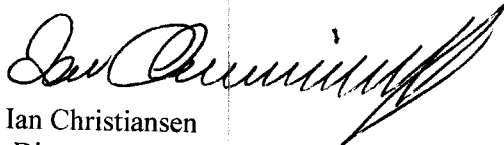
Lead Auditor's Independence Declaration

A copy of the lead auditor's independence declaration in relation to the review for the half-year is provided with this report on page 5.

Rounding of amounts to nearest thousand dollars

The amounts contained in the directors' report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors:



Ian Christiansen
Director

Dated this 29th day of February 2008



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

To: the directors of Bill Express Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2007 there have been:

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

KPMG

KPMG

A handwritten signature in black ink, appearing to be 'B W Szentirmay', written over a horizontal line.

B W Szentirmay
Partner

Melbourne

29 February 2008

BILL EXPRESS LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Half-year	
	2007	2006
	\$'000	\$'000
Revenue		
Sales revenue	516,953	495,213
Licence / hosting / access fees	8,957	7,197
Service fees	4,136	3,050
Other revenues	5,773	2,532
	<u>535,819</u>	<u>507,992</u>
 Changes in inventories of finished goods	1,831	(2,696)
Consumables used	(507,380)	(475,274)
Employee benefits expense	(2,353)	(1,548)
Depreciation and amortisation expense	(11,536)	(11,273)
Other expenses	(12,387)	(9,701)
Finance costs	(5,209)	(2,450)
Share of losses of equity accounted investee	(1,826)	-
	<u>(538,860)</u>	<u>(502,942)</u>
 Profit\Loss before income tax expense	(3,041)	5,050
Income tax (expense)\benefit	996	(1,122)
Profit\Loss for the period	<u>(2,045)</u>	<u>3,928</u>
Profit\Loss attributable to the members of the parent	<u>(2,045)</u>	<u>3,928</u>
 Earnings per share		
Basic (\$ per share)	(0.005)	0.010
Diluted (\$ per share)	(0.004)	0.009

The accompanying notes form part of these financial statements.

BILL EXPRESS LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2007

	31 December 2007 \$'000	30 June 2007 \$'000
CURRENT ASSETS		
Cash and cash equivalents	1,921	3,964
Trade and other receivables	145,478	131,831
Inventories	7,344	5,514
Other assets	6,705	6,020
Assets classified as held for sale	12,168	12,168
TOTAL CURRENT ASSETS	<u>173,616</u>	<u>159,497</u>
NON-CURRENT ASSETS		
Trade and other receivables	25,241	8,708
Deferred tax assets	1,296	1,376
Investments accounted for using the equity method	3,343	5,020
Other investments	15	15
Plant and equipment	43,289	52,026
Intangible assets	32,906	33,821
Other assets	-	283
TOTAL NON-CURRENT ASSETS	<u>106,090</u>	<u>101,249</u>
TOTAL ASSETS	<u>279,706</u>	<u>260,746</u>
CURRENT LIABILITIES		
Trade and other payables	117,352	111,227
Interest-bearing loans and borrowings	75,679	71,163
Current tax liabilities	1,173	1,595
Employee benefits	1,143	714
Other liabilities	541	541
TOTAL CURRENT LIABILITIES	<u>195,888</u>	<u>185,240</u>
NON-CURRENT LIABILITIES		
Interest-bearing loans and borrowings	12,499	1,685
Deferred tax liabilities	4,665	4,781
Employee benefits	20	15
Other liabilities	180	451
TOTAL NON-CURRENT LIABILITIES	<u>17,364</u>	<u>6,932</u>
TOTAL LIABILITIES	<u>213,252</u>	<u>192,172</u>
NET ASSETS	<u>66,454</u>	<u>68,574</u>
EQUITY		
Issued capital	49,624	49,624
Retained earnings	16,830	18,876
Share option reserve	-	74
TOTAL EQUITY	<u>66,454</u>	<u>68,574</u>

The accompanying notes form part of these financial statements.

**BILL EXPRESS LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Half-year	
	2007	2006
	\$'000	\$'000
TOTAL EQUITY AT THE BEGINNING OF THE HALF-YEAR	<u>68,574</u>	<u>63,407</u>
Employee share options	(75)	19
Net income recognised directly in equity	<u>(75)</u>	<u>19</u>
Profit\Loss) for the period	<u>(2,045)</u>	<u>3,928</u>
Total recognised income and expense for the period	<u>(2,120)</u>	<u>3,947</u>
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity net of transaction costs	-	-
	-	-
TOTAL EQUITY AT THE END OF THE HALF-YEAR	<u>66,454</u>	<u>67,354</u>

The accompanying notes form part of these financial statements.

BILL EXPRESS LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Half-year	
	2007	2006
	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	528,280	504,813
Payments to suppliers and employees	(515,286)	(479,424)
Interest received	422	215
Borrowing costs	(5,074)	(2,186)
Net cash provided by\ (used in) operating activities	8,342	23,418
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(613)	(13,512)
Proceeds from sale of plant and equipment	13	-
Development expenditure	-	(5,274)
Acquisition of intangibles	(1,530)	(2,325)
Net cash (used in) investing activities	(2,130)	(21,111)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	16,127	13,742
Payment of finance lease liabilities	(796)	(623)
Payments of hire purchase liabilities	-	(39)
Payments to OnQ Group Ltd	(2,546)	(3,435)
Payments to other entities	(21,040)	(9,977)
Net cash provided by\ (used in) financing activities	(8,255)	(332)
Net increase\ (decrease) in cash held	(2,043)	1,975
Cash at beginning of financial year	3,964	6,811
Cash at end of the reporting period	1,921	8,786

The accompanying notes form part of these financial statements.

BILL EXPRESS LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

NOTE 1: REPORTING ENTITY

Bill Express Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2007 comprises the Company and its subsidiaries (together referred to as the "consolidated entity") and the consolidated entity's interests in associates and jointly controlled entities.

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2007 is available upon request from the Company's registered office at 677 The Boulevard, Eaglemont, Victoria, 3084 or at www.billexpressltd.com.

NOTE 2: STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reports* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2007.

This consolidated interim financial report was approved by the Board of Directors on 29 February 2008.

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2007.

NOTE 4: ESTIMATES

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2007.

NOTE 5: COMPARATIVE INFORMATION AND RECLASSIFICATIONS

The Income Statement and the Statement of Cash Flows provide comparative information for the half-year ended 31 December 2006. The Balance Sheet provides comparative information as at 30 June 2007.

The following balance sheet reclassifications have been made in the current period to better reflect their current / non-current profile. Comparative information has also been reclassified:

- Interest bearing loans and borrowings relating to receivable securitisation arrangements have been reclassified from non-current to current reflecting the nature and timing of the

BILL EXPRESS LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

receivable securitisation cycle. Refer to note 10 for details of facilities in existence at balance date.

These reclassifications have resulted in current liabilities exceeding current assets at period end. However, the directors do not consider this to unduly impact the group's funding position and ability to continue as a going concern given:

- The extent of undrawn debt facilities in place at period end (refer to note 10)
- The group's receivable securitisation facility has a two year term, maturing in November 2009
- The directors' expectation that the short term financing facilities set out in note 10 will be renewed or replaced in the ordinary course of business.

NOTE 6: SUBSEQUENT EVENTS

On 29 February 2008 Bill Express Ltd signed a contract to acquire Telecards Asia Pty Ltd, which is the controlling entity of Australian Private Networks Pty Ltd. Settlement of the contract is conditional upon completion of financial and legal due diligence.

On 29 February 2008 Bill Express agreed to divest its holding in the shares of ETT Ltd. This transaction will be finalised in the period ending 30 June 2008.

NOTE 7: SEGMENT INFORMATION

Segment information is presented in the condensed consolidated interim financial statements in respect of the consolidated entity's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the consolidated entity's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The consolidated entity comprises of the following main business segments:

- **Electronic Payment and Distribution**

Bill Express operates in the management and development of automated ordering, delivery and inventory control for prepaid mobile, landline and internet services and processing payments for bills that are presented for payment at Bill Express outlets across Australia.

BILL EXPRESS LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

- **Media**

Pod TV (point of decision TV) and XIP Media, are the developer of narrowcast digital retail television networks in Australia. Pod TV and XIP Media design and install entire TV networks in retail precincts, delivering marketing, creative content and media solutions.

- **Prepaid Card**

The Bopo Prepaid Visa Card is a prepaid fully functional Visa consumer prepaid card that can be topped up at physical terminal networks or via the internet.

Geographical segments

Geographically, the group operates predominately in Australia.

	Half-Year to 31 December 2007 \$'000	Half-Year to 31 December 2006 \$'000
Segment Revenue		
Electronic payment and distribution	529,553	507,289
Media	1,293	936
Prepaid card	5,266	-
	<u>536,112</u>	<u>508,225</u>
Intersegmental revenues	(293)	(233)
Total Revenue	<u>535,819</u>	<u>507,992</u>

Segment Results

Electronic payment and distribution	(1,811)	6,610
Media	139	(1,560)
Prepaid card	457	-
	<u>(1,215)</u>	<u>5,050</u>
Unallocated – equity accounted losses	(1,826)	-
	<u>(3,041)</u>	<u>5,050</u>
Income tax (expense)\benefit	996	(1,122)
Profit\Loss for the period	<u>(2,045)</u>	<u>3,928</u>

In 2007 the consolidated entity operated in three material business segments, electronic payment and distribution, media, and prepaid cards.

NOTE 8: ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the current period and previous corresponding period under review the company did not acquire or dispose of any new subsidiaries.

BILL EXPRESS LIMITED AND ITS CONTROLLED ENTITIES
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NOTE 9: CONTINGENT LIABILITIES AND COMMITMENTS

There are no additional contingent liabilities or material commitments other than those disclosed in the financial report for the year ended 30 June 2007.

NOTE 10: LOANS AND BORROWINGS

During the period the group entered into the following new financing facilities:

1. Receivables securitisation facility with Debtsec Pty Limited for a two year term maturing in November 2009. The facility provides trade receivables backed finance of between 87% and 90% of eligible trade receivables, up to a maximum amount of \$100,000,000. The amount drawn down under the facility at period end totalled \$29,300,000. Amounts drawn down under this facility are secured by the underlying trade receivables and incur interest at a rate of BBSW plus a margin.
2. 7 day interchangeable commercial bill facility with ANZ Banking Group with a total facility limit of \$41,000,000. The amount drawn down under this facility at period end was \$41,000,000. The amounts drawn down are secured by first registered mortgage over the assets and undertakings of Bill Express Limited. These facilities incur interest of BBSW plus a margin.
3. Overdraft facility with ANZ Banking Group Limited with a facility limit of \$6,000,000 (undrawn amount at period end - \$6,000,000). The facility is secured by first registered mortgage over the assets and undertakings of Bill Express Limited. This facility incurs interest of BBSW plus a margin.

The above facilities replaced the previous CCH receivable securitisation facility. Refer to the 30 June 2007 annual report for full details of financing facilities in place at the end of the previous financial year.

4. Convertible note held by CCH International issued on 16 July 2007 with a face value of \$11,800,000. The note is convertible into such number of fully paid ordinary shares as equates to the total amount outstanding divided by \$0.20. This note is convertible at any time by the note holder. The note must be redeemed by the Company at the end of the term. The note was extended in December 2007 and is redeemable in February 2009.

NOTE 11: RELATED PARTIES

On Q Group Limited is the major shareholder of the group. The aggregate amounts receivable from this entity and its subsidiaries at balance date are as follows:

	31 December 2007 \$'000	30 June 2007 \$'000
On Q Group Limited	9,606	7,639
On Q Technologies Pty Ltd	9,104	8,198
	<u>18,710</u>	<u>15,837</u>

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Bill Express is required to pay a royalty fee to On Q Group Limited for the use of the EBMS software. The royalty fees for 2007 half year were \$845,884 (31 December 2006: \$808,078) and is based on a fixed 0.16% of total Bill Express revenue.

Bill Express recognised net interest revenue totalling \$1,173,062 (31 December 2006: \$950,437 during the half year) for monies advanced to On Q Group Limited and based on an interest rate of 12% p.a. as at 31 December 2007 (31 December 2006: 15% p.a.).

Bill Express also provided a further \$2,545,602 in funding advances during the period (31 December 2006; \$4,419,455).

All other arrangements with related parties continue to be in place. For details on these arrangements refer to the 30 June 2007 annual financial report.

Amount receivable from On Q Group Limited and its subsidiaries - \$18,710,137 (30 June 2007 - \$15,837,357)

In assessing the recoverable amount of this receivable at period end as required by AASB 139 Financial Instruments: Recognition and Measurement, the directors have had regard to the following:

- The recoverability of the receivable from OnQ Group Limited and its subsidiaries is inherently linked to the market value of OnQ Group Limited's investment in Bill Express Limited as well as the overall financial position and market capitalisation of OnQ Group Limited. This market value is in turn influenced by factors impacting the market performance of Bill Express Limited's and OnQ Group Limited's quoted securities, as well as market conditions in general.
- The market price of Bill Express Limited's quoted securities has declined since the end of the prior year to the date of this report. In the absence of other offsetting factors or an upturn in market prices this reduction has created significant uncertainty as to the recoverability of the receivable.
- As part of a strategic review and in order to provide further certainty around the recoverable amount of the receivable, the Company is currently pursuing certain restructuring and settlement options with OnQ Group Limited. Whilst the directors remain confident that options currently being pursued will assist the Company in recovering the full value of the receivable, the likelihood of successful transaction completion and the timing thereof is uncertain as at the date of this report.

Other related party transactions

The aggregate amounts receivable from an equity accounted investment by the parent at balance date:

BILL EXPRESS LIMITED AND ITS CONTROLLED ENTITIES
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	31 December 2007 \$'000	30 June 2007 \$'000
ETT Limited	69	5,940

Amounts owing are unsecured and repayable at call. During the period under review Bill Express Limited recognised \$270,585 as licence / hosting / consulting revenue from ETT Limited (2006: \$308,333).

NOTE 12: TRADE AND OTHER RECEIVABLES

Included in current and other trade receivables are amounts receivable from Technology Business Systems Pty Ltd and related entities (TBS) including Australian Private Networks Pty Ltd (APN) - \$43,920,468 (30 June 2007 - \$22,280,000)

In assessing the recoverable amount of these receivables at period end as required by AASB 139 Financial Instruments: Recognition and Measurement, the directors have had regard to the following matters in determining the recoverability of the receivable:

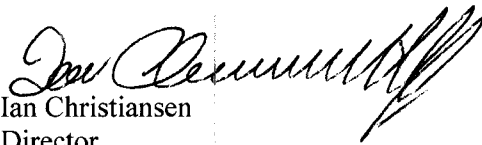
- The nature of existing contractual service and other arrangements in place between Bill Express Limited and TBS/APN
- The credit risk profile of APN receivables including credit insurance arrangements in place
- Planned restructuring initiatives approved by the Bill Express directors which are expected to provide additional certainty around the recoverable amount of the receivables. This includes entering into an agreement on 29 February 2008 to acquire control of Telecards Asia Pty Ltd, which is the controlling entity of Australian Private Networks Pty Ltd (subject to the completion of financial and legal due diligence) based on an external valuation in exchange for settlement of amounts payable by TBS and Australian Private Networks Pty Ltd to Bill Express Limited (refer to subsequent events note 6).

DIRECTORS' DECLARATION

In the opinion of the directors of Bill Express Limited ("the Company"):

1. the financial statements and notes set out on pages 6 to 15 are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2007 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the directors.


Ian Christiansen
Director

Date at Melbourne this 29th day of February 2008



Independent auditor's review report to the members of Bill Express Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Bill Express Limited ("the Company"), which comprises the consolidated interim balance sheet as at 31 December 2007, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a description of accounting policies and other explanatory notes 1 to 12 and the directors' declaration set out on pages 6 to 16 of the consolidated entity comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Bill Express Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

Significant Uncertainty regarding the recoverability of receivables

Without qualification to the conclusion expressed above, we draw attention to the following matter. Bill Express Limited has a receivable owing from On Q Group Limited and certain of its subsidiaries totalling \$18,710,137 at 31 December 2007 (30 June 2007: \$15,837,357). The recoverability of this receivable may be dependent in part on the completion of certain future transactions between Bill Express Limited and On Q Group Limited, which are detailed in note 11 to the half-year financial report. However, as future events may not necessarily occur as anticipated, there is significant uncertainty as to whether the Company will be able to realise the full carrying value of the receivable.

KPMG

KPMG

B W Szentirmay
Partner

Melbourne

29 February 2008