



**XTD Limited**  
**ACN 147 799 951**

**HALF YEAR FINANCIAL REPORT**

**31 DECEMBER 2015**

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## CORPORATE INFORMATION

### Directors & Officers

Mr Frank Hurley – Non-Executive Chairman  
Mr Mark Niutta – Non-Executive Director  
Mr John Toll – Non-Executive Director  
Mr Stuart Richardson – Non-Executive Director  
Mr Steve Wildisen – Chief Executive Officer

### Company Secretary

Mr Matthew Foy

### Registered Office

Office J, Level 2  
1139 Hay St  
West Perth WA 6005

PO Box 7653  
Cloisters Square  
Perth WA 6850

T: +61 (08) 9486 4036  
F: +61 (08) 9486 4799

### Stock Exchange

Australian Securities Exchange Limited (ASX)  
Home Exchange – Perth  
ASX Code – XTD

### Australian Company Number

ACN 147 799 951

### Australian Business Number

ABN 43 147 799 951

### Website

[www.xtd.tv](http://www.xtd.tv)

### Bankers

National Australia Bank  
131 Victoria Street  
Bunbury WA 6230

### Auditors

PKF Mack  
Level 4, 35 Havelock Street  
West Perth WA 6005

### Share Registry

Securities Transfers Registrars  
770 Canning Highway  
Applecross WA 6153

T: +61 (08) 9315 2333

F: +61 (08) 9315 2233

### Domicile and Country of Incorporation

Australia

### Solicitors

GTP Legal  
Level 1, 28 Ord St  
West Perth WA 6005 Australia

## DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of XTD Limited (**XTD** or the **Company**) and the entities it controls at the end of, or during, the half-year ended 31 December 2015 (the **Period**).

### DIRECTORS

The Directors and Company Secretary of the Company at any time during or since the end of the half-year period are as follows.

Mr Frank Hurley – Non-Executive Chairman  
Mr Mark Niutta – Non-Executive Director  
Mr John Toll – Non-Executive Director  
Mr Stuart Richardson – Non-Executive Director

### OPERATING RESULT

The loss from operations of the consolidated entity for the half year ended 31 December 2015 after providing for income tax was \$1,867,769 (2014: \$6,455,062).

Additional information on the operations and financial position of the Group and its business strategies and prospects is set out in this directors' report and the interim financial report.

### REVIEW OF OPERATIONS

During the Period, XTD continued its focus as a provider to the growing Out-of-Home Advertising (**OOH Advertising**) sector, owning and operating the world's first, designed for rail, cross-track digital video system that uses billboard-size LED television screens coupled to high definition sound to broadcast all forms of content to metro train commuters.

The Company has a seven-year contract with Queensland Rail for the installation and operation of the XTD system in four of Brisbane's busiest metro rail stations. Passenger traffic on Queensland Rail City Services has now reached 55 million customers annually, fuelled by strong population growth in South East Queensland and an increasing trend toward using public transport.

The Company is also operating 32 XTD digital screens across three underground rail stations in Melbourne as part of a separate seven-year contract with Metro Trains Melbourne Pty Ltd.

Through its proprietary XTD system, Lunalite has designed a solution which gives the advertising market a medium to provide digital advertising to rail commuters from a cross track location whilst they await their train. To date, cross track advertising within train stations globally has largely been accomplished via static media posters which are expensive to print and mount, difficult to maintain / change (by virtue of their location) and losing appeal in a market becoming increasingly dominated by digital alternatives.

The key attributes of the XTD system include:

- Custom engineered large format digital LED screens with stereo sound to display TV commercials.
- Wirelessly coupled to a proprietary XTD train approaching system.
- Dynamic content management system software which enables adverts to be changed wirelessly at any time.

- Meets OHS and regulatory requirements to satisfy both government and rail operator requirements as evidenced by completion of successful 6 month trials in both Melbourne and Queensland.
- Offers a server platform to install phase two of the XTD package – Contact Light Pty Ltd (**Contact Light**).

### **Launch of Digital OOH Interactivity**

During the Period XTD announced it was preparing to launch a new technology that provides a platform for the exchange of content and data between the Company's network of screens and people's mobile devices.

On 27 July 2015 shareholders approved the accelerated development and subsequent capital raising of its subsidiary Contact Light Pty Ltd (formerly Protecht Pty Ltd). Shareholders approved a capital raising in Contact Light of up to \$1,500,000 which will result in dilution of XTD's interest in Contact Light by up to 48% initially. Following completion of the Contact Light capital raising, Contact Light may seek to raise further capital directly, including seeking its own listing which would result in further dilution of the Company's interest.

On 27 October 2015 the Company advised that Contact Light had officially been seeded and launched with a focus on designing and marketing mobile platforms for transport environments. The Company announced the appointment of Mr Mike Boyd as CEO of Contact Light. Mr Boyd is one of Australia's most experienced digital communications developers and marketers, formerly a leading digital business executive with STW Group, previously working as co-founder and Managing Director of AppCast, and Strategy Director for Alpha Salmon – two of STW's earliest digital acquisitions.

Joining Boyd at Contact Light as director of innovation and user experience is Jamie Skella who has a 15-year career in technology strategy and experience innovation. Skella is formerly a founding member of Tatts Group's online division, working across TAB and Tatts Lottery products as creative director of user experience. He later moved to BRW's 2014 No 1 Fast Company, Kloud Solutions and most recently had filled the role of Head of User Experience at the Australian Football League (AFL).

Contact Light is focussing on digital development involving data, content, mapping, messaging, transactions and analytics, committing to both iOS and Android platforms - especially in Asia where the Android OS far exceeds iOS market share.

### **OTTO**

Subsequent to the Period on 12 January 2016 the Company advised that Contact Light had launched its first commercial enterprise. Working with Curtin University in Western Australia, Contact Light has released OTTO, a smartphone app enabling intra-campus transport tracking, wayfinding and a custom campus map with levels of detail not seen in Google or Apple Maps. Activating as part of the annual Orientation Week program, the new app will include extended capabilities such as meeting point sharing, live shuttle bus tracking, messaging and campus security integration. The app will be available on both Apple iOS and Google Android platforms.

Contact Light is currently in discussions with several other tertiary education institutions in Australia and abroad as they target a broad-scale roll out of the app in the 2016 student year.

Graham Arndt, Director of Operations and Maintenance at Curtin University, said deploying OTTO across the university's campus was a major step forward. "OTTO brings a new dimension to welcoming students and visitors to Curtin. It is easy for people to use and means that planning to arrive at specific points and times on campus is simple and effective," said Mr. Arndt.

To support Contact Light's expansion with the new app and other technology developments, the business announced four new hires. Adam Prasser joins as internet technology architect from Tatts Group; Ben Williams joins Contact Light as lead mobile developer having previously worked on the TAB iOS apps; Jeremy Blazé joins as user interface designer, coming from a freelance background working with numerous Australian agencies and start-ups; Dwayne Hoy joins as Android developer after working with Virgin Mobile and the City of Sydney. He also previously held a leadership role with b2cloud.

## **EMBARK**

Subsequent to the Period on 27 January 2016 the Company advised that Contact Light was set to launch its EMBARK technology in Queensland. EMBARK is a smartphone app that allows commuters to plan their journeys across all forms of public transport, read the most in-demand editorial content from a variety of news sources, and exclusively interact with content on a network of digital out of home screens installed by XTD in Brisbane's busy commuter rail network. The interactions could be information or entertainment based, as well as e-commerce.

"We are rapidly evolving our capabilities in the connectivity of digital out of home with people's mobile devices," said XTD CEO Steve Wildisen. "The connectivity is being built on both geo location and content relevance for transit customers who are attracted to screen images and want to extend their engagement via their mobile devices."

## **CORPORATE**

On 22 September 2015 the Company advised that 4,500,013 Class A Performance Shares that were issued with shareholder approval in connection with the acquisition of Lunalite International Pty Ltd had been converted into ordinary shares on a one-for-one basis pursuant to the Appendix 3B lodged with ASX on 25 August 2015.

The conversion occurred following the successful installation and first revenue to the Company from its exclusive seven-year contract with Queensland rail to operate the cross-track digital media and sound systems in Brisbane.

At the end of the Period the Company had 128,486,064 ordinary shares and the following classes of Performance Shares on issue:

- i. 4,500,013 Class B Performance Shares;
- ii. 4,500,013 Class C Performance Shares; and
- iii. 15,000,037 Class D Performance Shares.

## **Subsequent Events**

Subsequent to the Period on 25 February 2016 4,500,013 Class B Performance Shares converted into ordinary shares following the adoption of the EMBARK technology by Queensland Rail.

No other matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect:

- (i) the Group's operations in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the Group's state of affairs in future financial years.

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Company and its controlled entities during the financial half-year period.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

This report is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'SR', with a stylized flourish at the end.

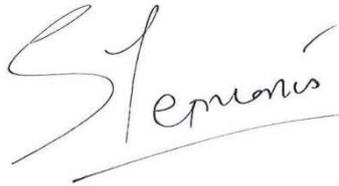
**Stuart Richardson**  
**Non-Executive Director**  
**Perth, Western Australia**

## AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF XTD LTD

In relation to our review of the financial report of XTD Ltd for the half year ended 31 December 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Mack

PKF MACK



SIMON FERMANIS  
PARTNER

29 FEBRUARY 2016  
WEST PERTH,  
WESTERN AUSTRALIA

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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	December 2015 \$	December 2014 \$
Revenue from continuing operations	1,817,620	553,316
Other expenses	(260,712)	(76,296)
Advertising and marketing fees	(23,907)	(45,205)
Amortisation of intangibles	(62,235)	(62,235)
Commission expenses	(605,234)	(164,441)
Consulting and advisory fees	(159,581)	(221,144)
Corporate compliance	(54,976)	(7,757)
Depreciation	(577,611)	(158,248)
Directors fees	3 (609,517)	(69,115)
Finance costs	-	(90,465)
Insurance expenses	(18,587)	(35,709)
Personnel expenses	3 (1,030,851)	(228,776)
Professional fees	(130,891)	(64,539)
Share based payments – listing expense	-	(5,616,010)
Travelling expenses	(169,957)	(149,768)
Loss from continuing operations before income tax	(1,886,439)	(6,436,392)
Income tax benefit/(expense)	18,670	(18,670)
Loss from continuing operations after income tax	(1,867,769)	(6,455,062)
Other comprehensive loss for the period, net of tax	-	-
Total comprehensive loss for the period	(1,867,769)	(6,455,062)
<b>Loss for the period is attributable to:</b>		
Owners of the company	(1,818,533)	(6,455,062)
Non-controlling interests	(49,236)	-
	(1,867,769)	(6,455,062)
<b>Total comprehensive loss for the period attributable to:</b>		
Owners of the company	(1,818,533)	(6,455,062)
Non-controlling interests	(49,236)	-
	(1,867,769)	(6,455,062)
Loss per share from continuing operations attributable to the ordinary equity holders of the company:	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(1.47)	(0.03)
Diluted loss per share	(1.47)	(0.03)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2015 \$	30 June 2015 \$
<b>Current Assets</b>			
Cash and cash equivalents		1,711,914	955,929
Trade and other receivables		614,971	178,701
<b>Total Current Assets</b>		<b>2,326,885</b>	<b>1,134,630</b>
<b>Non-Current Assets</b>			
Plant and equipment	4	3,336,196	3,772,244
Intangibles	5	684,580	746,815
<b>Total Non-Current Assets</b>		<b>4,020,776</b>	<b>4,519,059</b>
<b>TOTAL ASSETS</b>		<b>6,347,661</b>	<b>5,653,689</b>
<b>Current Liabilities</b>			
Trade and other payables		653,279	551,227
Borrowings		-	-
<b>Total Current Liabilities</b>		<b>653,279</b>	<b>551,227</b>
<b>Non-Current Liabilities</b>			
Deferred tax liability		205,375	224,045
<b>Total Non-Current Liabilities</b>		<b>205,375</b>	<b>224,045</b>
<b>TOTAL LIABILITIES</b>		<b>858,654</b>	<b>775,272</b>
<b>NET ASSETS</b>		<b>5,489,007</b>	<b>4,878,417</b>
<b>EQUITY</b>			
Contributed equity	6	14,991,006	14,091,003
Share-based payment reserve		1,825,895	1,617,539
Accumulated losses		(11,161,611)	(10,830,125)
Capital and reserves attributable to owners of the company		5,655,290	4,878,417
Non-controlling interests	8	(166,283)	-
<b>TOTAL EQUITY</b>		<b>5,489,007</b>	<b>4,878,417</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Share-based Payment Reserve	Accumulated Losses	Total	Non-controlling interests	Total Equity
	\$	\$	\$			\$
<b>As at 1 July 2015</b>	14,091,003	1,617,539	(10,830,125)	4,878,417	-	4,878,417
Loss for period	-	-	(1,818,533)	(1,818,533)	(49,236)	(1,867,769)
Total comprehensive loss for the period	-	-	(1,818,533)	(1,818,533)	(49,236)	(1,867,769)
Transactions with owners in their capacity as owners:						
Issue of share capital	-	-	-	-	-	-
Disposal of shares in subsidiary	-	-	1,487,047	1,487,047	(117,047)	1,370,000
Share-based payment – performance shares	900,003	208,356	-	1,108,359	-	1,108,359
<b>As at 31 December 2015</b>	<b>14,991,006</b>	<b>1,825,895</b>	<b>(11,161,611)</b>	<b>5,655,290</b>	<b>(166,283)</b>	<b>5,489,007</b>

	Issued Capital	Share-based Payment Reserve	Accumulated Losses	Total	Non-controlling interests	Total Equity
	\$	\$	\$			\$
<b>As at 1 July 2014</b>	3,254,576	-	(1,886,874)	1,367,702	-	1,367,702
Loss for period	-	-	(6,455,062)	(6,455,062)	-	(6,455,062)
Total comprehensive loss for the period	-	-	(6,455,062)	(6,455,062)	-	(6,455,062)
Transactions with owners in their capacity as owners:						
Share-based payment - acquisition	5,971,651	-	-	5,971,651	-	5,971,651
Share-based payment – performance shares	-	64,110	-	64,110	-	64,110
Share-based payment – introductory fee	25,000	-	-	25,000	-	25,000
Issue of shares	5,140,500	-	-	5,140,500	-	5,140,500
Capital raising costs	(286,022)	-	-	(286,022)	-	(286,022)
<b>As at 31 December 2014</b>	<b>14,105,705</b>	<b>64,110</b>	<b>(8,341,936)</b>	<b>5,827,878</b>	<b>-</b>	<b>5,827,878</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

## CONSOLIDATED STATEMENT OF CASH FLOWS

	December 2015 \$	December 2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(1,463,745)	(471,757)
Interest received	4,274	5,176
Receipts from customers	1,670,148	367,795
Interest paid	-	(17,679)
<b>Net cash outflow from operating activities</b>	<b>210,677</b>	<b>(116,465)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant & equipment	(419,692)	(3,237,780)
Proceeds from the partial disposal of subsidiary	965,000	-
Cash acquired on acquisition of subsidiary	-	34,200
<b>Net cash outflow from investing activities</b>	<b>545,308</b>	<b>(3,203,580)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	5,425,500
Proceeds from borrowings	-	600,000
Payments for capital raising costs	-	(286,022)
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>5,739,478</b>
Net increase/(decrease) in cash and cash equivalents	755,985	2,419,433
Cash and cash equivalents at the beginning of the period	955,929	276,273
<b>NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>1,711,914</b>	<b>2,695,706</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This consolidated interim financial report for the half-year reporting period ended 31 December 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by XTD Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The half-year report does not include full disclosures of the type normally included in an annual financial report. For the purposes of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

The same accounting policies and methods have been consistently applied by the Consolidated Group in these half-year financial statements as compared with the most recent annual financial statements, except as follows:

#### *a) Critical Accounting Estimates and Judgements*

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

##### *(i) Estimated impairment of assets.*

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The directors have considered impairment of plant and equipment and intangible assets at reporting date and prepared a value-in-use calculation. This calculation forecasts the present value of future cash flows from the current cash generating unit being the Melbourne and Queensland contracts. The model adopts a discount factor of 11% and concludes that the present value of future cash flows is in excess of the carrying value of both plant and equipment and the intangible asset and accordingly no impairment is necessary at reporting date.

##### *(ii) Provision for doubtful debts*

The provision for doubtful debts requires a degree of estimation and judgement. The level of provision is assessed by taking into account the aging of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

**1. BASIS OF PREPARATION OF HALF-YEAR REPORT (continued)**

*(iii) Share-based payment transactions*

The grant date fair value of share-based payment is recognised as an expense with a corresponding increase in equity, over the period that the recipient unconditionally become entitled to the awards.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that, the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date.

The Company follows the guidelines of AASB 2 'Share-based payments' and takes into account all performance conditions and estimates the probability and expected timing of achieving these performance conditions. Accordingly, the expense recognised over the vesting period may vary based upon information available and estimates made at each reporting period, until the expiry of the vesting period. The performance conditions relating to the Class A, B, C and D performance shares issued are expected to be met within the terms and the total value of these options is \$5,700,015 (2014: \$5,700,015).

*b) Intangible assets (contract rights)*

Contact rights have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. The Melbourne contract is noted to have a life of 7 years.

*c) Principles of consolidation*

*(i) Subsidiaries*

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively

*d) Adoption of new and revised accounting standards*

In the half year ended 31 December 2015, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2015. It has been determined by the Company that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Company accounting policies. No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

**1. BASIS OF PREPARATION OF HALF-YEAR REPORT (continued)**

*e) Acquisition of Lunalite International Pty Ltd – Capital Restructure*

During the period ended 31 December 2014 XTD Ltd acquired all the shares in Lunalite by issuing 78,750,297 shares in XTD Ltd, on a post-consolidation basis, to Lunalite Shareholders, giving Lunalite a controlling interest in XTD Ltd and equating to a controlling interest in the combined entity. Lunalite has thus been deemed the acquirer for accounting purposes. The acquisition of XTD Ltd by Lunalite is not deemed to be a business combination, as XTD Ltd is not considered to be a business under AASB 3 Business Combinations. As such, the consolidation of these two companies was on the basis of the continuation of Lunalite with no fair value adjustments, whereby Lunalite was deemed to be the accounting parent. The comparative information of XTD Ltd is subsequently of Lunalite for the period.

The transaction has therefore been treated as a share based payment under AASB 2 Share Based Payments, whereby Lunalite is deemed to have issued shares in exchange for the net assets and listing status of XTD Ltd. As the deemed acquirer, Lunalite has acquisition accounted for XTD Ltd as at 31 December 2014.

**2. SEGMENT INFORMATION**

*Identification of reportable operating segments*

The group is organised into two operating segments: cross-track digital advertising (XTD Ltd), and mobile phone app development (Contact Light Pty Ltd). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors of each entity (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The information reported to the CODM is on at least a monthly basis.

*Intersegment receivables, payables and loans*

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

2. SEGMENT INFORMATION (continued)

31 December 2015	XTD Ltd \$	Contact Light Pty Ltd \$	Total \$
Income	1,816,649	971	1,817,620
Commission expenses (rail operator)	(605,234)	-	(605,234)
Expenses	(926,776)	(423,844)	(1,350,620)
Operating profit/(loss)	<b>284,639</b>	<b>(422,873)</b>	<b>(138,234)</b>
Other significant items:			
Share based payments expense	(1,108,359)	-	(1,108,359)
Depreciation	(566,462)	(11,149)	(577,611)
Amortisation of intangibles	(62,235)	-	(62,235)
Income tax benefit	18,670	-	18,670
Net loss after tax	<b>(1,433,747)</b>	<b>(434,022)</b>	<b>(1,867,769)</b>
<b>Assets</b>	XTD Ltd \$	Contact Light Pty Ltd \$	Total \$
Cash & cash equivalents	1,233,318	478,596	1,711,914
Other receivables	195,884	419,087	614,971
Plant and Equipment	3,336,196	-	3,336,196
Intangibles	684,580	-	684,580
	<b>5,449,978</b>	<b>897,683</b>	<b>6,347,661</b>
<b>Liabilities</b>			
Other payables	548,274	105,005	653,279
Deferred tax liability	205,375	-	205,375
	<b>753,649</b>	<b>105,005</b>	<b>858,654</b>

There was only one operating segment during the 31 December 2014 period.

	December 2015	December 2014
<b>3. EXPENSES</b>		<b>\$</b>
<b>Directors Fees</b>		
Directors fees	79,000	38,485
Directors consultancy fees	3,200	-
Share based payment expense	527,317	30,630
	<u>609,517</u>	<u>69,115</u>
<b>Personnel expenses</b>		
Wages and salaries	414,035	182,851
Superannuation	35,774	12,445
Share based payment expense	581,042	33,480
	<u>1,030,851</u>	<u>228,776</u>
	<b>31 December 2015</b>	<b>30 June 2015</b>
<b>4. PLANT AND EQUIPMENT</b>	<b>\$</b>	<b>\$</b>
Carrying amount of plant and equipment	3,336,196	3,772,244
<b>Reconciliation:</b>		
Balance at the beginning of the period	3,772,244	97,696
Additions	141,563	4,277,642
Depreciation expense	(577,611)	(603,094)
<b>Balance at the end of the period</b>	<u>3,336,196</u>	<u>3,772,244</u>
<b>5. INTANGIBLES</b>		
Contract rights	871,285	871,285
Less: Amortisation	(186,705)	(124,470)
	<u>684,580</u>	<u>746,815</u>

6. CONTRIBUTED EQUITY

(a) Share Capital

	December 2015 Shares	June 2015 Shares	December 2015 \$	June 2015 \$
Fully paid	128,486,064	123,986,051	14,991,006	14,091,003

(b) Movements in ordinary share capital:

Period ended 31 December 2015

Date	Details	Number of shares	Issue price	\$
01/07/15	Opening balance	123,986,051		14,091,003
25/08/15	Share-based payment – Performance shares	4,500,013	\$0.20	900,003
31/12/15	Balance at end of period	128,486,064		14,991,006

(b) Movements in ordinary share capital:

Period ended 31 December 2014

Date	Details	Number of shares	Issue price	\$
01/07/14	Share for share exchange (i)	398,102,531		6,501,878
31/10/14	Consolidation of share capital	(368,244,276)	-	-
19/12/14	Prospectus – capital raising	15,002,499	\$0.200	3,000,500
19/12/14	Acquisition adjustment - Lunalite International Pty Ltd	78,750,297	-	4,864,349
19/12/14	Issue of shares – introductory fee	375,000	\$0.067	25,000
	Share issue expenses			(286,022)
31/12/14	Balance at end of period	123,986,051		14,105,705

- (i) Following the capital restructure, the number of shares outstanding represents the contributed equity of the legal parent, being XTD Limited.

## 7. SHARE BASED PAYMENTS

As part of the Lunalite acquisition on 19 December 2014, XTD Ltd issued 28,500,076 performance shares to management personnel, the Chairman and a non-executive director. These performance shares were issued in four classes, each with different performance milestones. Each performance share will convert into 1 ordinary share of XTD Ltd upon achievement of the performance milestone.

The company has assessed each class as being probable of being achieved and have therefore recognised an expense over the expected vesting period. The details of each class are tabled below:

Class	Number	Start Date	Exercise Price	Expiry Date of Milestone Achievements	Underlying Share Price	Total Fair Value
A	4,500,013	19/12/14	Nil	19/12/16	\$0.20	\$900,003
B	4,500,013	19/12/14	Nil	19/12/16	\$0.20	\$900,003
C	4,500,013	19/12/14	Nil	19/12/17	\$0.20	\$900,003
D	15,000,037	19/12/14	Nil	19/12/19	\$0.20	\$3,000,007

### Performance Milestones:

- A. First revenue to Lunalite from Queensland Contract. This milestone expires two years from completion of the acquisition (19 December 2014).
- B. Security mobile application being developed and either being adopted by one rail operator, or achieving a minimum of 200,000 subscribers. This milestone expires two years from completion of the acquisition (19 December 2014).
- C. Lunalite generating total revenue of at least \$5 million in any 12 month period. This milestone expires three years from completion of the acquisition (19 December 2014).
- D. Lunalite being awarded an offshore XTD contract of at least 40 screens and that contract being successfully installed and generating revenue to Lunalite. This milestone expires within five years from completion of the acquisition (19 December 2014).

The total expense arising from share based payment transactions recognised during the period in relation to the performance shares issued amounts to \$1,108,359.

**8. NON-CONTROLLING INTERESTS**

	<b>December</b>	<b>June</b>
	<b>2015</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Interest in:		
Fair value of net assets acquired by the minority	(117,047)	-
Share of the loss for the current period	(49,236)	-
	<u>(166,283)</u>	<u>-</u>

A subsidiary of the group, Contact Light Pty Ltd (Contact Light), raised funds via a private placement to unrelated parties during the period. Contact Light raised a total of \$1,370,000 in two tranches, with \$545,000 raised on 31 October 2015 and \$825,000 raised on 31 December 2015. As a result, XTD's ownership of Contact Light has been diluted to 54.26% at reporting date. The non-controlling interest's share of the net operating loss of Contact Light Pty Ltd between 1 November and 31 December 2015 is \$49,236. The fair value of net liabilities acquired by the minority totals \$117,047 and the excess paid by the minority for the issued shares totalling \$1,487,047 has been transferred to accumulated losses attributable to the owners of XTD Ltd.

**9. DIVIDENDS**

No dividends have been declared or paid since the start of the financial period and none are recommended.

**10. COMMITMENTS & CONTINGENCIES**

There are no new commitments, other than those that existed as at 30 June 2015 that the Company has entered into during the period under review.

**11. EVENTS OCCURRING AFTER THE REPORTING PERIOD**

Subsequent to the Period on 25 February 2016 4,500,013 Class B Performance Shares converted into ordinary shares following the adoption of the EMBARK technology by Queensland Rail.

No other matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect:

- (i) the Group's operations in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the Group's state of affairs in future financial years.

## **DIRECTORS' DECLARATION**

In the directors' opinion:

- (a) The financial statements and notes set out on pages 7 to 18 are in accordance with the *Corporations Act 2001*, including:
  - (i) Complying with AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
  
- (b) There are reasonable grounds to believe that XTD Limited 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.

**On behalf of the Directors**



**Stuart Richardson**  
**Non-Executive Director**  
**Perth, Western Australia**  
**29 February 2016**

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF XTD LTD

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of XTD Ltd (the Company) and controlled entities (consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 31 December 2015, or during the half year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of XTD Ltd and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the company a written Auditor's Independence Declaration.

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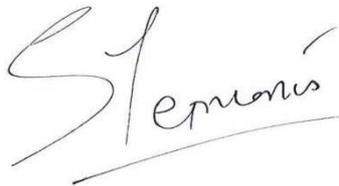
## Conclusion

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 XTD Ltd 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 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



PKF MACK



SIMON FERMANIS  
PARTNER

29 FEBRUARY 2016  
WEST PERTH,  
WESTERN AUSTRALIA