

Appendix 4D

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2014

XTD LTD
ABN 098 236 938

1. Company details

XTD Ltd

ABN or equivalent company reference

147 799 951

Financial period ended ('current period')

31 December 2014

Financial period ended ('previous period')

31 December 2013

2. Results for announcement to the market

2.1. Revenue	Up	83,736% to	553,316
2.2. Profit (loss) after tax	Down	4,763% to	(6,430,062)
2.3. Net profit (loss) for the period attributable to members	Down	4,763% to	(6,430,062)
2.4. Dividends	It is not proposed to pay dividends.		
2.5. Record date for determining entitlements to the final dividend.	N/A		
2.6. Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.			

3. NTA Backing

	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security	\$0.04244	\$0.00352

4. Control gained over entities

Name of entity (or group of entities)	N/A
---------------------------------------	-----

Date control gained	N/A
---------------------	-----

5. Dividend Reinvestment Plans

The company does not have a dividend reinvestment plan.

6. Details of associates and joint venture entities

There are no associates or joint venture entities.

7. Statement of compliance in regards to review

If the accounts are subject to audit dispute or qualification, details are described below

--



Sign here:

Date: 27 February 2015

Non-executive Director

Print name:

Stuart Richardson



XTD Limited (ACN 147 799 951) formerly White Eagle Resources Limited

ACN 147 799 951

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2014

TABLE OF CONTENTS

Corporate Information	1
Directors' Report	2
Auditor's Independence Declaration	8
Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
Consolidated Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Consolidated Financial Statements	13
Directors' Declaration	22
Independent Auditor's Review Report	23

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

Bankers

National Australia Bank
131 Victoria Street
Bunbury WA 6230

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

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 (formerly White Eagle Resources Limited) (**XTD** or the **Company**) and the entities it controls at the end of, or during, the half-year ended 31 December 2014 (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 (appointed 19 December 2014)
Mr Mark Niutta – Non-Executive Director (appointed 19 December 2014)
Mr John Toll – Non-Executive Director (appointed 19 December 2014)
Mr Stuart Richardson – Non-Executive Director
Mr Jeremy Bond – Non-Executive Director (resigned 19 December 2014)
Mr Benjamin Bussell – Non-Executive Director (resigned 19 December 2014)

OPERATING RESULT

The loss from operations of the consolidated entity for the half year ended 31 December 2014 after providing for income tax was \$6,455,062 (2013:\$132,324).

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

XTD Ltd Reverse Takeover and Re-Listing

During the Period, XTD Ltd (formerly White Eagle Resources Limited) acquired all of the securities in Lunalite International Pty Ltd (**Lunalite**) via a reverse takeover offer. The takeover was effected through a share sale and purchase agreement between XTD Ltd and all of the shareholders of Lunalite. Shareholders of Lunalite International Ltd received 40 new XTD Ltd shares for every 1 Lunalite shares held, on a pre-consolidation basis.

Additionally, on 24 October 2014, XTD Ltd obtained shareholder approval to change its name to XTD Ltd. The Company also obtained shareholder approval to consolidate its share capital on the basis of 1 share for every 13.3333 shares held on the Record Date. On 19 December 2014 XTD Ltd announced that it had received 100% acceptances from Lunalite's shareholders and on 23 December 2014 was re-listed on the ASX.

Acquisition of Lunalite International Pty Ltd

On 27 June 2014 the Company advised it had entered into a binding termsheet (**Agreement**) with the shareholders and board of to acquire up to 100% of Lunalite (**Transaction**). Lunalite operates in the rapidly expanding digital outdoor media sector. Lunalite has successfully designed, installed and tested one of the world's first Cross Track Digital Media systems (**XTD**) using large format LED screens to replace the current static print cross track media posters found in rail stations.

Transaction Highlights

- Lunalite has been awarded a 7 year contract by Metro Trains Melbourne Pty Ltd (**MTM**), the operator of the Melbourne rail network, to install and operate 32 XTD screens across its 3 underground rail stations (**Melbourne Contract**).
 - Lunalite has appointed APN Outdoor as its exclusive sales agent in respect of the Melbourne Contract for an initial period of 12 months.
 - 32 screens installed within budget and fully operational and generating revenue for the Company from 15 October 2014.
- Lunalite has been awarded a separate contract for up to 7 years by Queensland Rail (**QR**), the operator of the Queensland rail network, to install and operate 13 screens across 4 stations (**Queensland Contract**).
 - 13 screens expected to be installed, fully operational and generating revenue for the Company by June 2015.
- Lunalite is currently developing a complementary mobile phone 'App' which leverages its XTD server platform to provide a personalised rail security (**PROtechT**) and direct advertising capability.



Figure 1: Operational Cross-Track Digital Media system at Central Station, Melbourne.

About Lunalite

Lunalite is an emerging service provider to the growing Out-of-Home Advertising (**OOH Advertising**) sector. In Australia in 2013, total revenue from the OOH Advertising Sector was estimated to be \$543.8 million¹ across formats including billboards, street furniture, taxis, bus and tram externals, and airports.

Lunalite's specific initial focus within the OOH Advertising Sector is rail stations. Globally, hundreds of millions of commuters use rail stations every day and media companies throughout the world understand the financial benefits of advertising to commuters as they wait for their trains, namely:

- Large volume captive audiences with long dwell times; and

- Audience demographics for various locations can be well specified.

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 Lunalite's 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 – “the App” to provide a personalised rail security and direct advertising capability.

CORPORATE

Re-compliance with Chapters 1 & 2 of the ASX Listing Rules

The acquisition of Lunalite resulted in a change in the Company's nature and scale of activities and required shareholder approval under Chapter 11 of the ASX Listing Rules. The acquisition also required the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules (**Recompliance**). On 24 October 2014, shareholders approved, amongst other things, the acquisition of Lunalite, a 1:13.3333 consolidation of the Company's issued capital and approval to change the Company's name to XTD Limited.

¹ Estimated total revenue of the Out-of Home Advertising Sector in 2013 by the Outdoor Media Association (<http://www.oma.org.au/facts-and-figures/industry-performance>)

Capital Raising

On 4 November 2014 the Company lodged a Prospectus to raise \$3 million at 20 cents per share. The offer closed on 28 November 2014 fully subscribed. All conditions precedent to the completion of the acquisition of 100% of the issued capital of Lunalite were satisfied and the Company issued 78,750,297 ordinary shares and 28,500,076 Performance Shares in consideration for the acquisition. Following close of the offer and satisfaction of the conditions precedent, the Company worked with ASX to satisfy the listing requirements under Chapters 1 and 2 of the ASX Listing Rules and achieved reinstatement to trading on 23 December 2014.

Capital Structure

Following completion of the capital raising, acquisition of Lunalite and consolidation of the Company's share capital, the Company's updated capital structure is set out below.

Ordinary Shares	Securities
Shares on issue at date of Prospectus (post consolidation)	29,858,255
Shares issued pursuant to the Offer	15,002,499
Shares issued in consideration of Lunalite International Pty Ltd	78,750,297
Shares issued pursuant to introductory fee	375,000
Total Fully Paid Ordinary Shares	123,986,051
Performance Shares	
Class A Performance Shares	4,500,013
Class B Performance Shares	4,500,013
Class C Performance Shares	4,500,013
Class D Performance Shares	15,000,037
Total Performance Shares	28,500,076

Board Appointments

Following completion of the Transaction the Company announced the appointment of Messrs Frank Hurley, John Toll and Mark Niutta as Non-Executive Directors. Mr Steve Wildisen was also appointed as Chief Executive Officer of the Company.

Frank Hurley

Non-Executive Chairman

Mr Hurley is currently the Chief Executive Officer of Wrays Pty Ltd and Managing Director of Wrays Lawyers. Wrays specialise in protection of intellectual property in Western Australia. Mr Hurley is also a Board member of Focus Mobile Media and Discovery Capital and was previously responsible for international and national business development for one of Australia's largest law firms. Mr Hurley has consulted to a number of industries including, mining, aviation, banking and law. Mr Hurley has also lectured at MBA level in a number of universities in Western Australia.

Mark Niutta

Non-Executive Director

Mr Niutta has been involved in stockbroking since working for the Perth Stock Exchange (now ASX) in 1986. He was previously an authorised representative specialising in capital raisings and giving advice to retail clients involving the purchase and sale of listed equities. Mr Niutta spent 13 years with Morgan Stockbroking Perth (Now RBS Morgans).

John Toll

Non-Executive Director

Mr Toll is a Director of Azure Capital Ltd, a boutique advisory firm based in Perth, Western Australia. Prior to joining Azure Capital Ltd, Mr Toll spent over two years working for a UK-based investment bank offering equity capital markets and advisory services to an international client base. With a particular focus on the natural resources sector, he advised clients in Europe, Africa, South America and Asia. He has experience in mergers and acquisitions, capital raisings and IPOs. Mr Toll started his career within the assurance and advisory division of KPMG in Perth.

Mr Toll graduated from the University of Western Australia in 2000 with a Bachelor of Commerce majoring in Accounting and Finance. Mr Toll also completed the Institute of Chartered Accountants CA Program and a Graduate Diploma in Applied Finance.

Steve Wildisen

Chief Executive Officer

Mr Wildisen is a respected developer of OOH Advertising and marketer of technology solutions. Mr Wildisen is a co-founder of Lunalite.

Mr Wildisen has helped create successful global outdoor campaigns, from point-of-sale to OOH Advertising specials, for some of the largest international brands. He has worked with the world's largest media groups and has attained unique experience in dealing within the global OOH Advertising industry.

Commensurate with the completion of the Transaction, Mr Jeremy Bond and Mr Ben Bussell resigned from their position as Non-Executive Directors.

Subsequent Events

Subsequent to the Period on 19 January 2015 the Company announced that it had commenced installing the Queensland Rail (QR) contract. The contract is an exclusive seven-year contract with QR to build and operate the Brisbane crosstrack advertising system that will be in four of Brisbane's busiest metro stations, operating in both below-ground and above-ground locations. The Company anticipates that the crosstrack advertising system will be installed, fully operational and generating revenue for the Company by June 2015.

On 18 February 2015 the Company advised of the appointment of David Gibbs as vice president of its USA operations. Having identified USA as the next key area of growth, XTD is confident David Gibbs is the ideal candidate due to his extensive experience and expertise in the market.

Mr Gibbs is one of the world's most experienced out-of-home media specialists. He is the former global director of Eye Shop, an international outdoor advertising-specialist network and he is also a former CEO and president of Eye USA, based in New York. He is credited with co-creating the world's largest permanent network of

mobile-enabled Out-of-Home advertising displays; transforming customer engagement practices and developing superior relationship philosophies to accelerate business results.

At Eye USA, Mr Gibbs led the acquisition of two companies, built the business' infrastructure and partnerships, led the construction and installation of panels across 60 centres in 27 states, leading Eye USA to become the largest mall-media operator over a three-year period and trebling its revenue over four years. He is also a former board member of the Outdoor Advertising Association of America.

XTD is focusing on the USA into 2015 as a key market for the system. Chief Executive Steve Wildisen and senior members of the XTD commercial team have visited the USA and met with some of the largest outdoor advertising groups, technology companies and media buyers.

No other matter or circumstance has arisen since 31 December 2014 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

The acquisition of Lunalite resulted in a change in the Company's nature and scale of activities, and required shareholder approval under Chapter 11 of the ASX Listing Rules as well as re-compliance with Chapters 1 and 2 of the ASX Listing Rules. As a result of the acquisition, the Company has changed the nature of its activities from a mineral exploration company to a service provider to the OOH Advertising sector.

Other than above, 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 8.

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



Stuart Richardson
Non-Executive Director
Perth, Western Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF XTD LIMITED

As lead auditor for the review of XTD Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of XTD Limited and the entities it controlled during the period.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 27 February 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		December 2014 \$	December 2013 \$
Revenue from continuing operations	3	553,316	660
Other expenses	4	(76,296)	(33,575)
Advertising and marketing fees		(45,205)	-
Amortisation of intangibles	6	(62,235)	-
Commission expenses		(164,441)	-
Consulting and advisory fees		(221,144)	(82,573)
Corporate compliance		(7,757)	(771)
Depreciation	5	(158,248)	-
Directors fees		(69,115)	-
Finance costs		(90,465)	-
Insurance expenses		(35,709)	(833)
Personnel expenses	4	(228,776)	-
Professional fees	4	(64,539)	(800)
Share based payments – listing expense	14	(5,616,010)	-
Travelling expenses		(149,768)	(14,432)
Loss from continuing operations before income tax		(6,436,392)	(132,324)
Income tax expense		(18,670)	-
Loss from continuing operations after income tax		(6,455,062)	(132,324)
Other comprehensive loss for the period, net of tax		-	-
Total comprehensive loss for the period		(6,455,062)	(132,324)
Loss for the period is attributable to:			
Owners of the company		(6,455,062)	(132,324)
		(6,455,062)	(132,324)
Total comprehensive loss for the period attributable to:			
Owners of the company		(6,455,062)	(132,324)
		(6,455,062)	(132,324)
Loss per share from continuing operations attributable to the ordinary equity holders of the company:		Cents	Cents
Basic loss per share		(0.03)	(0.05)
Diluted loss per share		(0.03)	(0.05)

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 2014 \$	30 June 2014 \$
Current Assets			
Cash and cash equivalents		2,695,706	276,373
Trade and other receivables		323,205	1,537,935
Total Current Assets		3,018,911	1,814,308
Non-Current Assets			
Plant and equipment	5	3,348,030	97,696
Intangibles	6	809,050	871,285
Total Non-Current Assets		4,157,080	968,981
TOTAL ASSETS		7,175,991	2,783,289
Current Liabilities			
Trade and other payables		1,105,398	974,212
Borrowings		-	179,990
Total Current Liabilities		1,105,398	1,154,202
Non-Current Liabilities			
Deferred tax liability		242,715	261,385
Total Non-Current Liabilities		242,715	261,385
TOTAL LIABILITIES		1,348,113	1,415,587
NET ASSETS		5,827,878	1,367,702
EQUITY			
Contributed equity	7	14,105,705	3,254,576
Share-based payment reserve		64,110	-
Accumulated losses		(8,341,936)	(1,886,874)
TOTAL EQUITY		5,827,878	1,367,702

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 Equity
	\$	\$	\$	\$
As at 1 July 2014	3,254,576	-	(1,886,874)	1,367,702
Loss for period	-	-	(6,455,062)	(6,455,062)
Total comprehensive loss for the period	-	-	(6,455,062)	(6,455,062)
Transactions with owners in their capacity as owners:				
Share-based payment - acquisition	5,971,651	-	-	5,971,651
Share-based payment – performance shares	-	64,110	-	64,110
Share-based payment – introductory fee	25,000	-	-	25,000
Issue of shares	5,140,500	-	-	5,140,500
Capital raising costs	(286,022)	-	-	(286,022)
As at 31 December 2014	14,105,705	64,110	(8,341,936)	5,827,878
	Issued Capital	Share-based Payment Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
As at 1 July 2013	1,482,281	-	(784,683)	697,598
Loss for period	-	-	(132,324)	(132,324)
Total comprehensive loss for the period	-	-	(132,324)	(132,324)
Transactions with owners in their capacity as owners:				
Issue of share capital	-	-	-	-
As at 31 December 2013	1,482,281	-	(917,007)	565,274

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	December 2014 \$	December 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(471,757)	(138,939)
Interest received	5,176	660
Lease income received	367,795	-
Interest paid	(17,679)	(647)
Net cash outflow from operating activities	(116,465)	138,926
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant & equipment	(3,237,780)	-
Cash acquired on acquisition of subsidiary	34,200	-
Net cash outflow from investing activities	(3,203,580)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	5,425,500	-
Proceeds from borrowings	600,000	165,000
Payments for capital raising costs	(286,022)	-
Net cash inflow from financing activities	5,739,478	165,000
Net increase/(decrease) in cash and cash equivalents	2,419,433	26,074
Cash and cash equivalents at the beginning of the period	276,273	(4,922)
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,695,706	21,152

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 2014 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 2014 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.

(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.

(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.

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

(iii) Share-based payment transactions (continued)

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 (2013: \$nil). For the current period, \$64,110 has been expensed to the profit and loss in the current period.

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) Revenue

Revenue from the sale of goods is recognised when the goods are delivered to customers and substantially all risks and rewards of ownership have passed to the customer. Interest revenue is recognised on a proportional basis taking into account the interest rates relevant to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of Goods & Services Tax (GST).

d) Adoption of new and revised accounting standards

In the half year ended 31 December 2014, 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 2014. 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. Refer Note 14 for further details on the acquisition accounting treatment.

2. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, the board, in order to allocate resources to the segment and to assess its performance. For the Period under review, the Group operated as one business.

	December 2014	December 2013
	\$	\$
3. REVENUE		
Interest Income	5,180	660
Leasing Income	548,136	-
Total Revenue	<u>553,316</u>	<u>660</u>
4. EXPENSES	\$	\$
Corporate compliance		
ASX fees	1,334	-
Share registry fees	5,254	-
Other	1,169	771
	<u>7,757</u>	<u>771</u>
Other expenses		
Bookkeeping expenses	9,030	2,698
Entertainment and meal expenses	20,592	-
Minor equipment purchases	12,377	-
Motor vehicle expenses	9,416	7,633
Occupancy fees	8,110	-
Telephone expenses	9,926	2,475
Other expenses	6,845	20,769
	<u>76,296</u>	<u>33,575</u>
Professional fees		
Accounting fees	30,937	800
Consultants	1,500	-
Legal Expenses	7,102	-
Introduction fees	25,000	-
	<u>64,539</u>	<u>800</u>
Personnel expenses		
Wages and salaries	182,851	-
Superannuation	12,445	-
Employee benefits expense	33,480	-
	<u>228,776</u>	<u>-</u>

Half Year Financial Report
For the half year ended 31 December 2014

	31 December	30 June		
	2014	2014		
	\$	\$		
5. PLANT AND EQUIPMENT				
Carrying amount of plant and equipment	3,348,030	97,696		
Reconciliation:				
Balance at the beginning of the period	97,696	111,247		
Additions	3,408,582	-		
Depreciation expense	(158,248)	(13,551)		
Balance at the end of the period	<u>3,348,030</u>	<u>97,696</u>		
6. INTANGIBLES				
Contract rights	871,285	871,285		
Less: Amortisation	(62,235)	-		
	<u>809,050</u>	<u>871,285</u>		
7. CONTRIBUTED EQUITY				
(a) Share Capital				
	December	June	December	June
	2014	2014	2014	2014
	Shares	Shares	\$	\$
Fully paid	<u>123,986,051</u>	<u>14,844,753</u>	<u>14,105,705</u>	<u>3,254,576</u>

7. CONTRIBUTED EQUITY (continued)

(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.

Period ended 31 December 2013

Date	Details	Number of shares	Issue price	\$
01/07/13	Balance at beginning of period	6,004,753		1,482,281
31/12/13	Balance at end of period	6,004,753		1,482,281

8. 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

8. SHARE BASED PAYMENTS (continued)

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 was \$64,110 (2013:\$nil).

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 2014 that the Company has entered into during the period under review.

11. RELATED PARTY TRANSACTIONS

During the half year ended 31 December 2014, XTD Ltd engaged Minerva Corporate Pty Ltd for the provision of accounting, company secretarial, non-executive directorship, registered office and corporate compliance services. Ben Bussell is a former director of XTD Ltd (resigned 19 December 2014) and is a current director of Minerva Corporate Pty Ltd. A total of \$60,000 was paid to Minerva Corporate during the period. A formal contract is in place and all transactions were conducted on a commercial basis.

12. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the Period on 19 January 2015 the Company announced that it had commenced installing the Queensland Rail (QR) contract. The contract is an exclusive seven-year contract with QR to build and operate the Brisbane crosstrack advertising system that will be in four of Brisbane's busiest metro stations, operating in both below-ground and above-ground locations. The Company anticipates that the crosstrack advertising system will be installed, fully operational and generating revenue for the Company by June 2015.

On 18 February 2015 the Company advised of the appointment of David Gibbs as vice president of its USA operations. Having identified USA as the next key area of growth, XTD is confident David Gibbs is the ideal candidate due to his extensive experience and expertise in the market.

12. EVENTS OCCURRING AFTER THE REPORTING PERIOD (continued)

Mr Gibbs is one of the world's most experienced out-of-home media specialists. He is the former global director of Eye Shop, an international outdoor advertising-specialist network and he is also a former CEO and president of Eye USA, based in New York. He is credited with co-creating the world's largest permanent network of mobile-enabled Out-of-Home advertising displays; transforming customer engagement practices and developing superior relationship philosophies to accelerate business results.

At Eye USA, Mr Gibbs led the acquisition of two companies, built the business' infrastructure and partnerships, led the construction and installation of panels across 60 centres in 27 states, leading Eye USA to become the largest mall-media operator over a three-year period and trebling its revenue over four years. He is also a former board member of the Outdoor Advertising Association of America.

XTD is focusing on the USA into 2015 as a key market for the system. Chief Executive Steve Wildisen and senior members of the XTD commercial team have visited the USA and met with some of the largest outdoor advertising groups, technology companies and media buyers.

No other matter or circumstance has arisen since 31 December 2014 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.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company does not have any financial instruments that are subject to recurring fair value measurements. Due to their short-term nature, the carrying amounts of the current receivables and current trade and other payables are assumed to approximate their fair value.

14. REVERSE ACQUISITION ACCOUNTING

XTD Ltd (formerly White Eagle Resources Limited) made a takeover offer for all of the securities in Lunalite International Pty Ltd (Lunalite International). The takeover offer was effected through an off-market takeover bid for all of the ordinary shares in Lunalite International on the basis of 3 XTD Ltd shares for every 1 Lunalite International share held on a post consolidation basis.

Under the acquisition, XTD Ltd acquired all of the shares in Lunalite International by issuing 78,750,297 shares in XTD Ltd to Lunalite International shareholders, giving Lunalite International a controlling interest in XTD Ltd and equating to a controlling interest in the combined entity. Lunalite International was thus deemed the acquirer for accounting purposes as it owned 72.51% of the consolidated entity. The acquisition of Lunalite International by XTD Ltd is not deemed to be a business combination, as XTD Ltd is not considered to be a business under AASB 3 Business Combinations.

14. REVERSE ACQUISITION ACCOUNTING (continued)

As such the consolidation of these two companies was on the basis of the continuation of Lunalite International with no fair value adjustments, whereby Lunalite International was deemed to be the accounting parent. Therefore the most appropriate treatment for the transaction was to account for it under AASB 2 'Share Based Payments', whereby Lunalite International is deemed to have issued shares to XTD Ltd Shareholders in exchange for the net assets held by XTD Ltd.

In this instance, the value of the XTD Ltd shares provided has been determined as the notional number of equity instruments that the shareholders of Lunalite International would have had to issue to XTD Ltd to give the owners of XTD Ltd the same percentage ownership in the combined entity. This has been deemed to be \$5,971,651.

The pre-acquisition equity balances of XTD Ltd are eliminated against this increase in Share Capital of \$5,971,651 on consolidation and the balance is deemed to be the amount paid for the listing status of XTD Ltd, being \$5,616,010 (recognised as a share based payment in the statement of profit or loss).

The equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of XTD Ltd, including the equity instruments issued by XTD Ltd to effect the acquisition.

The results for the half-year ended 31 December 2014 comprise the results of Lunalite International Pty Ltd, and the results of XTD Ltd subsequent to the acquisition.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 9 to 21 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 2014 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
27 February 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of XTD Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of XTD Limited, which comprises the consolidated statement of financial position as at 31 December 2014, 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 statement of accounting policies and other explanatory information, and the directors' declaration 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 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 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 half-year financial report that 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 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of XTD 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.

Independence

In conducting our review, 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 XTD Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



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 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 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

Phillip Murdoch

Director

Perth, 27 February 2015