# VIVID TECHNOLOGY LIMITED
(formerly Greenearth Energy Limited)
# ACN 120 710 625
# AND CONTROLLED ENTITIES

## HALF-YEAR INFORMATION
## FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

## PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3

**This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2016.**

*Rule 4.2A.3*

# Appendix 4D

## Half Year Report for the six months to 31 December 2016

| | |
|---|---|
| Name of entity: | VIVID TECHNOLOGY LIMITED<br>(formerly Greenearth Energy Limited) |
| ABN or equivalent company reference: | 120 710 625 |

## 1. Reporting period

| | |
|---|---|
| Report for the half year ended: | 31 December 2016 |
| Previous corresponding periods: | Financial year ended 30 June 2016<br>Half- year ended 31 December 2015 |

## 2. Results for announcement to the market

| | | | | |
|---|---|---|---|---|
| Revenues from ordinary activities *(item 2.1)* | up | 111% | to | $2,159,325 |
| Loss from ordinary activities after tax attributable to members (*item 2.2*) | up | 10.6% | to | $2,246,779 |
| Net loss for the period attributable to members *(item 2.3)* | up | 10.6% | to | $2,246,779 |

| **Dividends** *(item 2.4)* | Amount per security | Franked amount per security |
|---|---|---|
| Interim dividend | nil¢ | nil¢ |
| Final dividend | nil¢ | nil¢ |
| Previous corresponding period | nil¢ | nil¢ |
| Record date for determining entitlements to the dividend *(item 2.5)* | Not applicable. | |

Brief explanation of any of the figures reported above necessary to enable the figures to be understood *(item 2.6)*:

Revenue and other income for the period increased by 111% to $2,159,325 compared to the previous corresponding period (PCP). The increase in revenue was driven primarily by an increase in product and services take up with improved traction across Vivid Technology's energy efficient lighting range, leading to higher sales revenue. The integration of the Vivid Ilumalite business (acquired in March 2016), saw strong synergies in cross-selling commercial and industrial offerings, along with alignment of new and exciting commercial models for current and future customers.

Following the successful acquisition of Vivid Ilumalite and the oversubscribed share placement in July 2016, the group undertook a number of business growth initiatives during the period, including:

- Increasing market awareness of our disruptive technology and its unique world leading benefits to customers, leading to new blue-chip customers in the chosen target markets in Australia and internationally;
- Continuing to develop the group's competitive advantage in its energy efficient lighting products and services portfolio, which is now leading to increased energy savings for customers of up to 90% or above in energy costs and consumption;
- Collaborating with leading Australian providers, including CSIRO, on research and development of our locally made industrial lighting product range to further differentiate its capability in the market; and
- Maintaining the focus on the commercialisation phase of NewCO$_2$Fuels, with activities including furthering commercial relationships for the deployment of NCF technology around the world, and specifically signing a Term Sheet with Sinopec Engineering in China, one of the world's largest companies.

This investment for continued future growth, along with the inclusion of Vivid Ilumalite as part of the group, led to increases in employment, marketing and administrative expenses, with a Net Loss After Tax of $2,246,779 (an increase of 10.6% compared to the PCP).

Refer to the attached interim financial report for further information on the above figures.

### 3. Net tangible assets per security *(item 3)*

| | Current period | Previous corresponding period |
|---|---|---|
| Net tangible asset backing per ordinary security | 1.1 cents | 1.8 cents |

### 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)* | Not applicable |
| Date(s) of gain of control *(item 4.2)* | |
| 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)* | $ |
| Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 4.3)* | $ |

#### Loss of control of entities

| | |
|---|---|
| Name of entities *(item 4.1)* | Not applicable |
| Date(s) of loss of control *(item 4.2)* | |
| 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).* | $ |
| Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 4.3)* | $ |

## 5. Dividends *(item 5)*

| | Date of payment | Total amount of dividend |
|---|---|---|
| Interim dividend year ended 30 June 2016 | Not applicable | $nil |
| Final dividend year ended 30 June 2016 | Not applicable | $nil |

### Amount per security

| | | Amount per security | Franked amount per security at % tax | Amount per security of foreign sourced dividend |
|---|---|---|---|---|
| **Total dividend:** | Current year | nil¢ | nil ¢ | nil ¢ |
| | Previous year | nil¢ | nil ¢ | nil ¢ |

### Total dividend on all securities

| | Current period $A'000 | Previous corresponding Period - $A'000 |
|---|---|---|
| Ordinary securities *(each class separately)* | nil | nil |
| Preference securities *(each class separately)* | nil | nil |
| Other equity instruments *(each class separately)* | nil | nil |
| **Total** | nil | nil |

## 6. Details of dividend or distribution reinvestment plans in operation are described below *(item 6)*:

The company does not currently have a dividend reinvestment plan.

| | |
|---|---|
| The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan | Not applicable. |

## 7. Details of associates and joint venture entities *(item 7)*

| Name of associate or joint venture entity | %Securities held |
|---|---|
| NCF Global Pty Ltd | 50% |
| PT Geopower Indonesia | 40% |

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

| **Group's share of associates' and joint venture entities':** | 2016 $ | 2015 $ |
|---|---|---|
| Profit (loss) from ordinary activities before tax | (423,909) | (1,216,768) |
| Income tax on ordinary activities | - | - |
| **Net profit (loss) from ordinary activities after tax** | (423,909) | (1,216,768) |
| Adjustments | - | - |
| **Share of net profit (loss) of associates and joint venture entities** | (141,289) | (408,285) |

## 8. The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached).

## 9. Independent review of the financial report *(item 9)*

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement. The financial report is subject to an independent review statement that contains an emphasis of matter, details of which are set out in the independent review statement accompanying and forming part of this report.

## 10. Matters relating to a qualified independent review statement

A description of the dispute or qualification in respect of the independent review of the half-year financial report is provided below *(item 9)*

| |
|---|
| Not applicable. |

Vivid Technology Limited
(formerly Greenearth Energy Limited)
ACN: 120 710 625
and controlled entities

# FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2016

VIVID TECHNOLOGY LIMITED (FORMERLY GREENEARTH ENERGY LIMITED)
AND CONTROLLED ENTITIES
ACN: 120 710 625

# FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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# DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

The Directors present their report together with the condensed financial report of the consolidated entity consisting of Vivid Technology Limited (the Company) and its controlled enitites (the Group), for the half-year ended 31 December 2016 and independent review report thereon.

## DIRECTORS

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

| Name | Period of directorship |
|---|---|
| Charles Macek | Director since 3 December 2015 |
| Robert J Annells | Director from 13 July 2006 to 29 November 2016 |
| Leslie Butterfield | Director from 1 May 2016 |
| John T Kopcheff | Director since 13 July 2006 |
| Samuel R Marks | Director since 1 July 2012 |
| Philip Zajac | Director since 4 September 2014 |

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 $2,246,779 (2015: $2,030,887 loss). This result was driven by investment for continued future growth along with the inclusion of Vivid Ilumalite as part of the group, leading to increased revenue which was offset by increases in employment, marketing and administrative expenses.

Revenue and other income for the period increased by 111% to $2,159,325 compared to the previous corresponding period (PCP). The increase in revenue was driven primarily by an increase in product and services take up with improved traction across Vivid Technology's energy efficient lighting range, leading to higher sales revenue. The integration of the Vivid Ilumalite business (acquired in March 2016), saw strong synergies in cross-selling commercial and industrial offerings, along with alignment of new and exciting commercial models for current and future customers.

Following the successful acquisition of Vivid Ilumalite and the oversubscribed share placement in July 2016, the group undertook a number of business growth initiatives during the period, including:

- Increasing market awareness of our disruptive technology and its unique world leading benefits to customers, leading to new blue-chip customers in the chosen target markets in Australia and internationally;
- Continuing to develop the group's competitive advantage in its energy efficient lighting products and services portfolio, which is now leading to increased energy savings for customers of up to 90% or above in energy costs and consumption;
- Collaborating with leading Australian providers, including CSIRO, on research and development of our locally made industrial lighting product range to further differentiate its capability in the market; and
- Maintaining the focus on the commercialisation phase of NewCO2Fuels, with activities including furthering commercial relationships for the deployment of NCF technology around the world, and specifically signing a Term Sheet with Sinopec Engineering in China, one of the world's largest companies.

## REVIEW OF OPERATIONS (CONTINUED)

During the period the company also settled the final tranche of consideration for its previous purchase of Vivid Ilumalite, repaid its $450,000 secured interest bearing debt from June 2016 in full, and drew down a $400,000 secured interest bearing loan which was repaid in full subsequent to 31 December 2016.

50,870,937 ordinary shares were issued during the period as part of the aforementioned share placement completed at an issue price of 7.5 cents per share. This resulted in proceeds of $3,609,555 after associated costs.

During the period the company had changed its name to Vivid Technology Limited (ASX: VIV) with the formal ASX re-branding in January 2017.

The new company name more closely reflects the current identity of the company and its operating activities. The company's core focus has evolved and its principal activities are now operating industrial businesses focused on energy efficiency technologies along with other renewable energy research and development projects. These activities are primarily represented as follows:

- Vivid Industrial Pty Ltd and Ilum-a-Lite Pty Ltd ("Vivid Ilumalite"), wholly-owned subsidiaries that provide energy efficiency technology (such as intelligent lighting systems) to industrial and commercial businesses; and

- NewCO2Fuels Limited, a company that is commercialising its $CO_2$-to-fuels technology, which simultaneously enables the production of fuel from emissions and improves the energy efficiency of industrial processes.

Vivid Technology finished the period strongly, with the energy efficiency segment receiving orders from marquee customers and landmark sites, building momentum into balance date.

There are a number of initiatives underway with large customers for repeat business at scale, and our focus remains in enabling the rapid deployment of proven products and services to take advantage of current marketplace opportunities.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes in the state of affairs of the group that occurred during the half year under review not otherwise disclosed in this report or the financial statements.

## SUBSEQUENT EVENTS

No matter or circumstance has arisen since balance date that has significantly affected or may significantly affect the company's operations, results of those operations or state of affairs in future financial years, except as disclosed elsewhere in this half year financial report.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is provided with this report.

## ROUNDING OF AMOUNTS

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

Signed in accordance with a resolution of the directors.

| | |
|---|---|
| Charles Macek | Samuel R Marks |
| Chairman | Managing Director |

Vivid Technology Limited
Dated this 24th day of February 2017
Melbourne

PITCHER PARTNERS

**VIVID TECHNOLOGY LTD**
**ACN 120 710 625**
**AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION**
**TO THE DIRECTORS OF VIVID TECHNOLOGY LTD**

In relation to the independent auditor's review for the half-year ended 31 December 2016, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of Vivid Technology Ltd and the entities it controlled during the period.

B POWERS
Partner

24 February 2017

Pitcher Partners

PITCHER PARTNERS
Melbourne

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

| | | Half-year | |
|---|---|---|---|
| | Notes | 31 December 2016 $ | 31 December 2015 $ |
| *Revenue and other income* | | | |
| Sales revenue | | 1,083,020 | 426,114 |
| Gain on fair value of investments | | 17,272 | - |
| Net foreign exchange gain | | 3,814 | 12,727 |
| Other income | 4 | 1,055,219 | 583,804 |
| | | 2,159,325 | 1,022,645 |
| *Less: Expenses* | | | |
| Employee benefits expenses | | (2,005,060) | (1,253,326) |
| Costs incurred in the sale of inventories | | (653,224) | (421,980) |
| Depreciation and amortisation expenses | | (32,834) | (21,194) |
| Finance costs | | (28,154) | (3,380) |
| Accounting and audit expenses | | (65,503) | (58,780) |
| Marketing and promotion expenses | | (140,520) | (30,076) |
| Rent and occupancy expenses | | (124,661) | (86,878) |
| Consulting expenses | | (195,783) | (187,745) |
| Impairment of trade receivables | | (82,859) | - |
| Administrative expenses | | (722,886) | (408,694) |
| Other expenses | | (213,331) | (173,194) |
| TOTAL EXPENSES | | (4,264,815) | (2,645,247) |
| Share of (loss) of associates accounted for using the equity method | | (141,289) | (408,285) |
| LOSS BEFORE INCOME TAX EXPENSE | | (2,246,779) | (2,030,887) |
| Income tax expense | | - | - |
| LOSS FOR THE HALF-YEAR | | (2,246,779) | (2,030,887) |
| TOTAL COMPREHENSIVE INCOME FOR THE HALF-YEAR | | (2,246,779) | (2,030,887) |
| *Loss is attributable to:* | | | |
| Members of Vivid Technology Limited | | (2,246,779) | (2,030,887) |
| Non-controlling interests | | - | - |
| | | (2,246,779) | (2,030,887) |
| *Earnings per share for loss attributable to the equity holders of the parent entity:* | | | |
| Basic loss per share (cents per share) | | (0.65) | (0.78) |
| Diluted loss per share (cents per share) | | (0.65) | (0.78) |

The accompanying notes form part of these financial statements

VIVID TECHNOLOGY LIMITED (FORMERLY GREENEARTH ENERGY LIMITED)
AND CONTROLLED ENTITIES
ACN: 120 710 625

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

| | Notes | 31 December 2016 $ | 30 June 2016 $ |
|---|---|---|---|
| *Current assets* | | | |
| Cash and cash equivalents | | 1,729,484 | 1,326,296 |
| Receivables | 5 | 1,085,678 | 1,117,340 |
| Financial assets at fair value through profit or loss | | 21,198 | 3,926 |
| Inventories | | 1,584,862 | 1,709,184 |
| Other financial assets | | 54,124 | 54,124 |
| Other current assets | | 142,173 | 628,908 |
| TOTAL CURRENT ASSETS | | 4,617,519 | 4,839,778 |
| *Non-current assets* | | | |
| Receivables | 5 | 340,052 | 129,393 |
| Equity accounted investments | 6 | 1,784,585 | 1,925,874 |
| Property, plant and equipment | | 183,942 | 186,928 |
| Intangible assets | 7 | 2,018,022 | 2,023,066 |
| TOTAL NON-CURRENT ASSETS | | 4,326,601 | 4,265,261 |
| TOTAL ASSETS | | 8,944,120 | 9,105,039 |
| *Current liabilities* | | | |
| Payables | | 1,651,126 | 2,182,589 |
| Borrowings | 8 | 418,906 | 457,323 |
| Other financial liabilities | | - | 1,927,164 |
| Income in advance | | 329,773 | 12,617 |
| Provisions | | 253,531 | 739,212 |
| TOTAL CURRENT LIABILITIES | | 2,653,336 | 5,318,905 |
| *Non-current liabilities* | | | |
| Provisions | | 114,570 | 95,914 |
| TOTAL NON-CURRENT LIABILITIES | | 114,570 | 95,914 |
| TOTAL LIABILITIES | | 2,767,906 | 5,414,819 |
| NET ASSETS | | 6,176,214 | 3,690,220 |
| *Equity* | | | |
| Share capital | 9 | 32,320,250 | 27,747,113 |
| Reserves | | 613,811 | 454,175 |
| Accumulated losses | | (26,717,510) | (24,470,731) |
| EQUITY ATTRIBUTABLE TO THE OWNERS OF VIVID TECHNOLOGY LIMITED | | 6,216,551 | 3,730,557 |
| Non-controlling interest | | (40,337) | (40,337) |
| TOTAL EQUITY | | 6,176,214 | 3,690,220 |

The accompanying notes form part of these financial statements

VIVID TECHNOLOGY LIMITED (FORMERLY GREENEARTH ENERGY LIMITED)
AND CONTROLLED ENTITIES
ACN: 120 710 625

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

| | Share Capital | Reserves | Accumulated Losses | Non-controlling interest | Total Equity |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Consolidated** | | | | | |
| BALANCE AT 1 JULY 2016 | 27,747,113 | 454,175 | (24,470,731) | (40,337) | 3,690,220 |
| Loss for the half year | - | - | (2,246,779) | - | (2,246,779) |
| TOTAL LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR | - | - | (2,246,779) | - | (2,246,779) |
| *Transactions with owners in their capacity as owners* | | | | | |
| Contributions | 3,815,320 | - | - | - | 3,815,320 |
| Costs of raising capital | (205,765) | | | | (205,765) |
| Shares issued in connection with the acquisition of Ilum-a-Lite Pty Ltd | 963,582 | | | | 963,582 |
| Equity based payments | - | 159,636 | - | - | 159,636 |
| TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS | 4,573,137 | 159,636 | - | - | 4,732,773 |
| BALANCE AT 31 DECEMBER 2016 | 32,320,250 | 613,811 | (26,717,510) | (40,337) | 6,176,214 |
| | | | | | |
| BALANCE AT 1 JULY 2015 | 23,708,815 | 65,286 | (19,653,274) | (40,337) | 4,080,490 |
| Loss for the half year | - | - | (2,030,887) | - | (2,030,887) |
| TOTAL LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR | - | - | (2,030,887) | - | (2,030,887) |
| *Transactions with owners in their capacity as owners* | | | | | |
| Contributions | 2,963,700 | - | - | - | 2,963,700 |
| Costs of raising capital | (168,152) | - | - | - | (168,152) |
| Equity based payments | - | 212,856 | - | - | 212,856 |
| TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS | 2,795,548 | 212,856 | - | - | 3,008,404 |
| BALANCE AT 31 DECEMBER 2015 | 26,504,363 | 278,142 | (21,684,161) | (40,337) | 5,058,007 |

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

| | Half-year | |
|---|---|---|
| | 31 December 2016 | 31 December 2015 |
| | $ | $ |
| *Cash flow from operating activities* | | |
| Receipts from customers | 3,189,171 | 469,797 |
| Payments to suppliers and employees | (5,019,050) | (2,477,880) |
| Research and development rebates received | - | - |
| Interest received | 5,673 | 2,092 |
| Interest and other costs of finance paid | (8,938) | - |
| NET CASH USED IN OPERATING ACTIVITIES | (1,833,144) | (2,005,991) |
| | | |
| *Cash flow from investing activities* | | |
| Purchase of property, plant and equipment | (24,806) | (37,496) |
| Payment for acquisition | (963,582) | - |
| Purchase of unlisted securities | - | (1,306,398) |
| Loans to related entities | (333,866) | - |
| Payments for bonds and deposits | 54,124 | 54,124 |
| Proceeds from matured bonds and deposits | (54,124) | (54,124) |
| NET CASH USED IN INVESTING ACTIVITIES | (1,322,254) | (1,343,894) |
| | | |
| *Cash flow from financing activities* | | |
| Proceeds from borrowings | 400,000 | - |
| Repayment of borrowings | (450,996) | - |
| Proceeds from issues of ordinary shares | 3,815,320 | 2,963,700 |
| Capital raising costs | (205,765) | (143,544) |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | 3,558,559 | 2,820,156 |
| | | |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 403,161 | (529,729) |
| Foreign exchange differences on cash holdings | 27 | (10,457) |
| Cash and cash equivalents at beginning of the half-year | 1,326,296 | 2,572,164 |
| CASH AND CASH EQUIVALENTS AT END OF THE HALF-YEAR | 1,729,484 | 2,031,978 |

## NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Vivid Technology Limited during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001* .

This condensed half-year financial report covers Vivid Technology Limited and controlled entities as a consolidated entity. Vivid Technology Limited is a company limited by shares, incorporated and domiciled in Australia. The address of Vivid Technology Limited's registered office and principal place of business is Level 14, 500 Collins Street, Melbourne, Victoria. Vivid Technology Limited is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors as at the date of the directors' report.

### (a) Basis of preparation

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting,* as appropriate for for-profit entities, and the *Corporations Act 2001.* Compliance with *AASB 134,* as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.*

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2016 and the corresponding half-year except as described below in Note 1(c).

### (b) Going Concern

The Directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity incurred a net loss for the half year of $2,246,779 (2015: $2,030,887).

The Directors have concluded that the going concern basis is appropriate, based on analysis of the company's internal cash flow forecasts which include expected future cash flows over the next 12 months.

These forecasts contain certain assumptions in relation to the short term development of the business, including the expected future revenue and profitability of its energy efficiency segment, based on currently available information including management assessments of probable future orders, near term strategic initiatives, and other information. The forecasts include ongoing deployment of additional capital of at least $1.5m to support current activities and demand via strategic relationships, and to fund near term initiatives. A number of potential options to fund activities and growth initiatives are being considered by the company but not currently committed. These initiatives include scaling up operational and financial support to meet forecast demand.

## (b) Going Concern (continued)

In the event that the company is unable to trade as forecast and fund the anticipated cash requirements and associated business growth, or the actual outcomes differ significantly from the assumptions used, the company may need to take measures to conserve and secure cash flow, which may include adjusting its operating capital requirements, raising additional capital, and other funding avenues such as continued development of other industrial technologies and expanding revenue streams.

The financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the consolidated entity be unable to trade as forecast or to raise sufficient funding to continue as a going concern.

If the going concern basis of accounting is found to no longer be appropriate, the recoverable amount of the assets shown in the Condensed Consolidated Statement of Financial Position may be significantly less than the amounts disclosed and the extent of liabilities may differ significantly from those reflected.

## (c) Summary of the significant accounting policies

The group did not have to materially change its accounting policies or make retrospective adjustments as a result of the adoption of new or amended accounting standards becoming applicable for the current reporting period.

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below.

*AASB 9: Financial Instruments*

These Standards will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the Group on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost to be based on an expected loss approach.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

## (c) Summary of the significant accounting policies (continued)

The effective date is annual reporting periods beginning on or after 1 January 2018.

*AASB 15: Revenue from contracts with customers*

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue.

These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. To give effect to this principle, AASB 15 requires the adoption of the following 5-step model:

Step 1: identify the contract(s) with a customer;
Step 2: identify the performance obligations under the contract(s);
Step 3: determine the transaction price;
Step 4: allocate the transaction price to the performance obligations under the contract(s); and
Step 5: recognise revenue when (or as) the entity satisfies the performance obligations.

AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services.

The effective date is annual reporting periods beginning on or after 1 January 2018.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The primary area of possible impact of AASB 15 is expected to be in relation to any recurring service and maintenance revenue that may become contracted in future financial periods. Accounting treatment of such transactions under AASB 15 will be determined by the substance of the relevant individual customer agreement at the time, and accordingly no quantification of such impact is made at this stage.

*AASB 16: Leases*

AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model (unless the underlying asset is accounted for on a revaluation basis)

- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

The effective date is annual reporting periods beginning on or after 1 January 2019.

## (c) Summary of the significant accounting policies (continued)

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117. The application of AASB 16 in the future may have a material impact on the consolidated financial statements, however it is not practicable to provide a reasonable estimate of the effect of AASB 16 until a detailed review has been performed.

*AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and AASB 2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*

AASB 2014-10 amends AASB 10: Consolidated Financial Statements and AASB 128: Investments in Associates and Joint Ventures to clarify the accounting for the sale or contribution of assets between an investor and its associate or joint venture by requiring:

- a full gain or loss to be recognised when a transaction involves a business, whether it is housed in a subsidiary or not; and
- a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The effective date is annual reporting periods beginning on or after 1 January 2018.

This Standard is not expected to significantly impact the Group's financial statements.

*AASB 2016-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

This Amending Standard amends AASB 107: Statement of Cash Flows to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. To the extent necessary to satisfy this objective, entities will be required to disclose the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchange rates;
- changes in fair values; and
- other changes.

The effective date is annual reporting periods beginning on or after 1 January 2017.

This Standard is not expected to significantly impact the Group's financial statements.

*AASB 2016-5: Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*

This Amending Standard amends AASB 2: Share-based Payment to address:

- the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and
- the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

## (c) Summary of the significant accounting policies (continued)

The effective date is annual reporting periods beginning on or after 1 January 2018.

This Standard is not expected to significantly impact the Group's financial statements.

Other standards and interpretations have been issued at the reporting date but are not yet effective. When adopted, these standards and interpretations are likely to impact on the financial information presented. However, the assessment of impact has not yet been completed.

## NOTE 2: DIVIDENDS

No dividends have been paid or provided for during the half-year.

## NOTE 3: SEGMENT INFORMATION

### (a) Description of segments

The group has three (2015: five) reportable segments. A brief description of each identified segment is detailed below. Corporate head office and administration costs are not allocated to segments. Segments include operations or projects that the group holds, or is interested in, which operate in different geographical settings. Operations for each segment are based primarily in Australia unless otherwise noted.

*Segment 1: Industrial Energy Efficiency*

Vivid Technology Ltd via its subsidiaries provides intelligent and energy efficient lighting solutions to industrial and commercial businesses in Australia and the Pacific Rim. The primary route to market for this segment is via Vivid Industrial and Vivid Ilumalite, wholly-owned subsidiaries of the group.

*Segment 2: Technology Investment*

This segment includes technology investments or projects, which Vivid Technology Ltd has either invested in but have not been fully expanded into a distinct business segment, or technologies or project that are currently being considered. This segment includes the consolidated entity's investment in NCF Global Pty Ltd and its previous investment in NewCO2Fuels Ltd.

*Segment 3: Other Investments*

The segment "other investments" encompasses the previous segments that existed in relation to the company's geothermal interests ( being "Geothermal - Otway Basin", "Geothermal - Gippsland Basin" and " Geothermal - Indonesia"). The company's core focus no longer includes geothermal activities, and the former segments related to those areas of interest (including GEP 10 in the Otway Basin, as well as GEP 12 and GEP 13 in the Gippsland Basin) have now been combined. Presentation of the comparative figures for the previous financial period has been updated accordingly.

## NOTE 3: SEGMENT INFORMATION (continued)

### (b) Segment information

| 2016 | Industrial Energy Efficiency | Technology Investment | Other Investment | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| *Segment revenue* | | | | |
| Total segment revenue | 1,745,972 | 384,709 | - | 2,130,681 |
| Inter-segment revenue | - | - | - | - |
| SEGMENT REVENUE FROM EXTERNAL SOURCE | 1,745,972 | 384,709 | - | 2,130,681 |
| *Segment result* | | | | |
| Total segment result | (1,557,321) | 35,379 | - | (1,521,942) |
| Inter-segment eliminations | | | | - |
| SEGMENT RESULT FROM EXTERNAL SOURCE | (1,557,321) | 35,379 | - | (1,521,942) |
| *Total segment assets* | 3,916,675 | 2,126,087 | | 6,042,762 |
| *Total segment liabilities* | 1,663,875 | - | 15,000 | 1,678,875 |

| 2015 | Industrial Energy Efficiency | Technology Investment | Other Investment | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| *Segment revenue* | | | | |
| Total segment revenue | 1,001,826 | - | - | 1,001,826 |
| Inter-segment revenue | - | - | - | - |
| SEGMENT REVENUE FROM EXTERNAL SOURCE | 1,001,826 | - | - | 1,001,826 |
| *Segment result* | | | | |
| Total segment result | (904,752) | (509,675) | (16,405) | (1,430,832) |
| Inter-segment eliminations | - | - | - | - |
| SEGMENT RESULT FROM EXTERNAL SOURCE | (904,752) | (509,675) | (16,405) | (1,430,832) |
| *Total segment assets* | 1,492,109 | 2,204,948 | 86,044 | 3,783,101 |
| *Total segment liabilities* | 635,681 | 15,000 | 15,000 | 665,681 |

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

| | | Half-year | |
|---|---|---|---|
| | | 31 December 2016 | 31 December 2015 |
| | Notes | $ | $ |

## NOTE 3: SEGMENT INFORMATION (continued)

### (b) Segment information (continued)

*(i) Reconciliation of segment result to the condensed consolidated statement of comprehensive income*

| | | |
|---|---|---|
| Segment result from external source | (1,521,942) | (1,430,832) |
| Interest revenue | 5,673 | 2,092 |
| Interest expense | (26,517) | - |
| Depreciation and amortisation | (32,834) | (21,194) |
| Net foreign exchange gain/(loss) | 3,814 | 12,727 |
| Unallocated revenue and gains | 17,272 | - |
| Unallocated expenses | (692,245) | (593,680) |
| Total loss before income tax | (2,246,779) | (2,030,887) |

## NOTE 4: OTHER INCOME

| | | |
|---|---|---|
| Research and development tax concession rebate | 627,086 | 575,209 |
| Other income | 428,133 | 8,595 |
| | 1,055,219 | 583,804 |

| | 31 December 2016 | 30 June 2016 |
|---|---|---|
| | $ | $ |

## NOTE 5: RECEIVABLES

| | | |
|---|---|---|
| *Current* | | |
| Trade receivables | 525,200 | 982,741 |
| Less: provision for impairment | (110,236) | (27,377) |
| | 414,964 | 955,364 |
| Loan receivable from associate | - | 6,185 |
| Receivables from other related parties | - | 53,042 |
| Other receivables | 670,714 | 102,749 |
| | 1,085,678 | 1,117,340 |
| *Non current* | | |
| Trade receivables | - | 129,393 |
| Loan receivable from associate | 340,052 | - |
| | 340,052 | 129,393 |

| | Notes | 31 December 2016 $ | 30 June 2016 $ |
|---|---|---|---|

## NOTE 6: EQUITY ACCOUNTED INVESTMENTS

| | | | |
|---|---|---|---|
| Equity accounted investment in associated entities | | 1,784,585 | 1,925,874 |

Equity accounted investments in associates represents the group's indirect investment in NewCO2Fuels Ltd (incorporated in Israel) via its investment in NCF Global Pty Ltd. Reflected in the carrying amount is $141,289 (2015: $391,880), being the group's share of the net loss of that associate for the period.

The amounts shown above pertain to the group's effective economic interest in NewCO2Fuels Ltd of 33.33%, which is equity accounted as an investment in associate. The investment is represented at balance date by a 50% interest in NCF Global, which in turn holds 66.67% of NewCO2Fuels Ltd. The group also has loans receivable of $340,052 (30 June 2016: $6,185) from NCF Global, which is a related entity of the group.

The group's investment in NewCO2Fuels Ltd (via NCF Global Pty Ltd) is represented in these financial statements by:

| | Notes | 31 December 2016 $ | 30 June 2016 $ |
|---|---|---|---|
| Loan receivable from associate | 5 | 340,052 | 6,185 |
| Equity accounted investment in associated entities | 6 | 1,784,585 | 1,925,874 |
| | | 2,124,637 | 1,932,059 |

Refer to Note 14 (a) for details of the impairment assessment methodology relating to the group's investment.

## NOTE 7: INTANGIBLE ASSETS

| | | 31 December 2016 $ | 30 June 2016 $ |
|---|---|---|---|
| Goodwill at cost | | 2,012,138 | 2,012,138 |
| Accumulated impairment loss | | - | - |
| | | 2,012,138 | 2,012,138 |
| Software licenses at cost | | 30,261 | 30,261 |
| Accumulated amortisation | | (24,377) | (19,333) |
| | | 5,884 | 10,928 |
| | | 2,018,022 | 2,023,066 |

Goodwill arose due to the to the group's acquisition of Ilum-a-Lite Pty Ltd during the year ended 30 June 2016 and relates to the Industrial Energy Efficiency segment and cash generating unit ("CGU").

The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of 5% for cash flows in years two to five which is below the historical average, a terminal value growth rate of 5% and a post-tax discount rate of 15.7% (30 June 2016: 15.4%) to determine value-in-use.
No reasonable change in the key assumptions of the value in use calculations would result in impairment.

## NOTE 8: BORROWINGS

| | Notes | 31 December 2016 $ | 30 June 2016 $ |
|---|---|---|---|
| *Secured* | | | |
| Loans payable | | 413,818 | 451,239 |
| *Unsecured* | | | |
| Lease liability | | 5,088 | 6,084 |
| | | 418,906 | 457,323 |

At 31 December 2016, loans payable consisted of amounts totalling $400,000 borrowed from a third party during the period at an interest rate of 1.67% per month, secured by a security interest granted over certain assets of the company. The liability at balance date represented the principal loan amount together with accrued interest. Subsequent to balance date, the loan was repaid in full and the security discharged.

At 30 June 2016, loans payable consisted of amounts totalling $450,000 borrowed from another third party during the year at an interest rate of 5% per annum, secured by a security interest granted over certain assets of the company. The liability at balance date represented the principal loan amount together with accrued interest. During the six months ended 31 December 2016, the loan was repaid in full and the security discharged.

## NOTE 9: CONTRIBUTED CAPITAL

50,870,937 ordinary shares were issued during the period ended 31 December 2016 as part of a share placement completed at an issue price of 7.5 cents per share. This resulted in proceeds of $3,815,320 less associated costs of $205,765 for net proceeds of $3,609,555.

During the period, the company issued 1,500,000 unlisted options over ordinary shares to employees pursuant to the company's Employee Option Plan. These options expire on 1 July 2019 and have an exercise price of 12.5 cents.

During the period, the company issued 5,000,000 unlisted options over ordinary shares to the Managing Director for nil consideration as part of executive remuneration arrangements. These options expire on 12 December 2019 and have an exercise price of 12.5 cents.

During the period, the company issued 2,500,000 unlisted options over ordinary shares to Non-executive Directors for nil consideration as part of executive remuneration arrangements. These options expire on 12 December 2019 and have an exercise price of 12.5 cents.

| | Notes | 31 December 2016 $ | 30 June 2016 $ |
|---|---|---|---|

## NOTE 10: COMMITMENTS

### Lease expenditure commitments

| | | | |
|---|---|---|---|
| *Operating leases (non-cancellable)* | | | |
| Minimum lease payments: | | | |
| Not later than one year | | 234,518 | 230,491 |
| Late that one year and not later than five years | | 145,344 | 264,439 |
| | | 379,862 | 494,930 |

Operating lease commitments relate to lease of office premises.

### Capital expenditure commitments

| | | | |
|---|---|---|---|
| *Technology* | | | |
| Estimated aggregate amount payable: | | | |
| Not later than one year | | 3,571 | 8,484 |

Capital expenditure commitments for technology relate to commitments for purchases of inventory and plant and equipment.

### Bank guarantees

| | | | |
|---|---|---|---|
| Maximum amounts bank may call: | | | |
| Exploration | | 45,000 | 45,000 |
| Energy efficient lighting upgrades | | 294,647 | - |
| | | 339,647 | 45,000 |

## NOTE 11: RELATED PARTY TRANSACTIONS

During the financial period, the company received management fees totalling $384,709 (2015: nil) from Erdi Fuels Pty Ltd in relation to its investment in NCF Global Pty Ltd. The Directors believe these transactions to be on an arms-length basis.

Where applicable, other significant related party transactions are disclosed in the relevant notes to the half-year financial statements.

## NOTE 12: CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since 30 June 2016.

## NOTE 13: SUBSEQUENT EVENTS

No matter or circumstance has arisen since balance date that has significantly affected or may significantly affect the company's operations, results of those operations or state of affairs in future financial years, except as disclosed elsewhere in this half year financial report.

## NOTE 14: FAIR VALUE MEASUREMENTS

### (a) Fair value hierarchy

Assets and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Inputs for the asset or liability that are not based on observable market data

All financial assets at fair value through profit or loss totalling $21,198 (30 June 2016: $3,926) are classified as Level 1 items in the fair value hierarchy. These assets meet the definition of "held for trading" and therefore are required to be measured at fair value through profit or loss. There were no transfers between level 1 and level 2 during the year.

The fair value of financial assets and financial liabilities approximate their carrying amounts as disclosed in the condensed consolidated statement of financial position and notes to the condensed consolidated financial statements.

Investments in equity accounted associated entities and convertible loans receivable from associates have been assessed for impairment by reference to fair value. Fair value has been determined through application of the market approach, by using the comparable company valuation technique. This technique involves the use of level 3 inputs, specifically valuation inputs (such as multiples) by reference to the same valuation inputs applied to comparable entities. Adjustments are made as required to ensure comparability, for factors such as liquidity and size.

# DIRECTORS' DECLARATION

The directors declare that:

1. In the Directors' opinion, the financial statements and notes set out on pages 5 to 20 are in accordance with the *Corporations Act 2001* , including:

   (a) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

   (b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2016 and of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds, as at the date of this declaration, to believe that Vivid Technology 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.

Charles Macek
Chairman

Samuel R Marks
Managing Director

Vivid Technology Limited
Dated this 24th day of February 2017
Melbourne

**VIVID TECHNOLOGY LTD**
**ACN 120 710 625**
**AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT**
**TO THE MEMBERS OF**
**VIVID TECHNOLOGY LTD**

We have reviewed the accompanying half-year financial report of Vivid Technology Ltd ("the Company") and controlled entities ("the consolidated entity"), which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed 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 the period'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 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 2016 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 Vivid Technology Ltd, 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*.

**VIVID TECHNOLOGY LTD**
**ABN 120 710 625**
**AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT**
**TO THE MEMBERS OF**
**VIVID TECHNOLOGY LTD**

*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 Vivid Technology Ltd and controlled entities 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 2016 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*.

**Emphasis of Matter in relation to Going Concern**

Without modifying our conclusion expressed above, attention is drawn to the matters set out in Note 1 (b) – Going Concern in the financial report.

These conditions, as set forth in Note 1 (b), indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

B POWERS
Partner

24 February 2017

Pitcher Partners

PITCHER PARTNERS
Melbourne