

Manager,
Company Announcements Office
Australian Securities Exchange
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

27 February 2018

By Electronic Lodgement

Dear Sir/Madam,

LODGE MENT OF INTERIM FINANCIAL REPORT (APPENDIX 4D)

In accordance with the Listing Rules, please find attached the Interim Financial Report (Appendix 4D) for XTEK Limited (XTE) for the half-year period ended 31 December 2017. The information contained in this report should be read in conjunction with the 2017 Annual Report.

Should you require any further information in respect to this matter please contact the Chairman, Mr. Uwe Boettcher by email at Uwe.Boettcher@xtek.net or telephone 02 6232 0601 in the first instance.

Yours sincerely,



Lawrence A. Gardiner
Company Secretary

Attachment: XTEK Limited Interim Financial Report for half-year ended 31 December 2017.

XTEK Limited
and Controlled Entities

APPENDIX 4D

INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2017

SUMMARY OF RESULTS FOR ANOUCNEMENT TO THE MARKET

Key Information	Half Year 2017 \$'000	Half Year 2016 \$'000	Change %
Revenue from ordinary activities	5,284	1,130	↑ 468%
Profit/(loss) after tax from ordinary activities	(659)	(1,339)	↑ 49%
Net Profit/(loss) attributable to members	(659)	(1,339)	↑ 49%

Dividends	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil
Record date for determining entitlements to dividend		Not applicable

Profit/(loss) per share attributable to the ordinary equity holders of the company	2017 \$	2016 \$
Basic profit/(loss) per share	(0.016)	(0.045)
Diluted profit/(loss) per share	(0.016)	(0.045)

Net tangible asset backing per share	2017 \$	2016 \$
Net tangible asset backing per share	0.167	0.053



XTEK LIMITED

and

Controlled Entities

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2017**

This Interim Financial Report incorporating Appendix 4D is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3

The information contained in this report is to be read in conjunction with XTEK Limited's 2017 Annual Report and any announcements to the market by XTEK Limited during the half-year period ending 31 December 2017.

Current period: 1 July 2017 to 31 December 2017

Prior corresponding period: 1 July 2016 to 31 December 2016

XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

XTEK Limited and Controlled Entities

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XTEK LIMITED & CONTROLLED ENTITIES
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Directors' Report

Half-year Ended 31 December 2017

Your Directors submit the financial report for the half-year ended 31 December 2017.

Directors

The names of Directors who held office during the half-year ended 31 December 2017, are:

- Mr. Uwe Boettcher
- Mr. Philippe Odouard
- Mr. Robert Quodling
- Mr. Ivan Slavich

Review of Operations

Financial Overview

XTEK achieved record revenue for the half-year ended 31 December 2017. In addition, XTEK finished the 2017 calendar year with record orders in hand of A\$42m, the highest in the history of the Company. This strong pipeline of orders in hand underpins the high expectations of growth that XTEK has disclosed to the market.

The first half net loss of \$0.66m represents a significant improvement from the previous corresponding period (net loss of A\$1.3m). This result was largely due to reduced deliveries during the period which is consistent with the seasonal pattern for the industry. The half year also saw further investment into XTEK's internal capabilities.

XTEK holds A\$4.56m in cash (as at 21 February 2018) and remains well funded to pursue its strategy for the remainder of FY2018, following the completion of its Share Purchase Plan (SPP) in June/July 2017. The SPP raised an additional A\$1.5m, following the A\$3.0m placement to sophisticated investors in June 2017. XTEK finished the period with no debt.

Value-added Reseller Products

In July 2017, XTEK signed a A\$42m contract to provide Small Unmanned Aerial Systems (SUAS) to the Australian Defence Force (ADF), as part of the Government's planned A\$101m investment in this capability. Further, maintenance of this equipment may represent up to an additional A\$50m over the next five to seven years.

Sales of approximately A\$2.0m were delivered for the supply of Explosive Ordnance Disposal (EOD) robots to a State Police Force. The Company has also been selected to supply similar equipment to another Police Force in FY2018. XTEK received purchase orders to the value of A\$2.4m from the ADF for the supply of a variety of X-Ray equipment for EOD purposes. \$1.1m of this equipment was delivered in the reporting period.

Further, ADF orders totaling A\$1.3m were received for the supply of more specialist weapons and ancillaries for the Australian Army. None of this was delivered within the reporting period.

XTEK Proprietary In-house Products

In December 2017, XTEK achieved a significant milestone towards the commercialisation of its in-house XTclave™ technology, with the first European purchase order for its personal Small Arms Protective Insert (SAPI) plates. The purchase order was with a Finnish group, FY Composites, a leading supplier for the Finnish Defence Force and other European defence customers. This order comes after the signing of a second agreement with the US military to evaluate the XTclave™ technology for advanced personal protection solutions.



XTEK LIMITED & CONTROLLED ENTITIES
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

A purchase order from FY Composites was for a sample of two types of SAPI plates for qualification purposes and marks the first step towards larger orders. Both types of the SAPI plates ordered were produced with XTEK's proprietary XTclave™ technology. These plates are significantly lighter than existing SAPI plates, offer the same level of protection and are also buoyant in water which means they can be used in a variety of demanding combat situations.

This represents a significant milestone ahead of construction of XTEK's commercial-scale XTclave™ plant, during the first half of FY2019. The commercial-scale XTclave™ production plant is a key catalyst for the Company's next phase of growth. It provides the Company with the ability to meet large-scale orders for its personal ballistic armour plates and allows XTEK to make a wide variety of products for the global composites market. The plant production capacity is expected to be up to 50,000 plates per annum. Production at full capacity is estimated to provide additional turnover of A\$20m to A\$30m per annum for XTEK.

Concurrently, the Company plans to commence demonstration of the latest version of XTatlas™, which provides real-time contextual video, digital targeting and near real time mosaic mapping, in the 2018 calendar year. Demonstrations are expected to highlight digital targeting solutions using SUAS, providing a major enhancement to the existing military capabilities. These developments ensure XTEK is ideally placed to further advance the commercialisation of this technology as it seeks to partner with SUAS suppliers and other airborne sensor players in that field.

Outlook

XTEK expects its order intake to continue for the remainder of FY2018, with the Company well placed to secure further contract wins for the supply of UAS, EOD equipment and tactical robots for the ADF and law enforcement agencies.


The Company remains on track to achieve its FY2018 revenue guidance of A\$11m to A\$18m. In addition, XTEK confirms that the initial delivery of WASP AE SUAS remains on track for mid-2018, with correlated SUAS maintenance revenues expected to follow in FY19 and beyond.

XTEK remains focused on achieving several key milestones in terms of the commercialisation of its XTclave™ and XTatlas™ technologies globally in the 2018 calendar year. The Company continues to progress strategic discussions and product tests with several potential clients worldwide, who have expressed interest in the XTclave™ technology.

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 3 for the half-year ended 31 December 2017.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.



Mr Uwe Boettcher

Chairman

27 February 2018



XTEK LIMITED & CONTROLLED ENTITIES
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2017



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Hardwickes
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Hardwickes Partners Pty Ltd
ABN 21 008 401 536

Liability limited by a scheme
approved under Professional
Standards Legislation

XTEK Limited and Controlled Entity

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2017, there have been:

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

Hardwickes

Hardwickes
Chartered Accountants

Robert Johnson FCA
Partner

27 February 2018

Canberra



XTEK LIMITED & CONTROLLED ENTITIES
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Half-year Ended 31 December 2017

	Note	Half-year ended 31 December 2017 \$	Half-year ended 31 December 2016 \$
Revenue	3	5,284,341	1,130,467
Changes in inventories of finished goods and work in progress		<u>(3,576,720)</u>	<u>(993,112)</u>
Gross profit		1,707,621	137,355
Other income	3	351,220	329,607
Operational expenditure	4	(896,031)	(717,092)
Employee benefits expense	4	(1,779,767)	(1,038,376)
Depreciation	4	(37,835)	(37,316)
Finance costs	4	<u>(3,829)</u>	<u>(13,564)</u>
(Loss) from operations before income tax		(658,621)	(1,339,386)
Income tax expense		-	-
(Loss) from operations		<u>(658,621)</u>	<u>(1,339,386)</u>
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year		<u>(658,621)</u>	<u>(1,339,386)</u>



XTEK LIMITED & CONTROLLED ENTITIES
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Consolidated Statement of Financial Position

As At 31 December 2017

	Note	As at 31 December 2017 \$	As at 30 June 2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	2,403,621	2,821,616
Trade and other receivables	8	4,605,349	2,558,524
Inventories	9	1,692,109	886,472
Other current assets	10	314,617	659,568
TOTAL CURRENT ASSETS		9,015,696	6,926,180
NON-CURRENT ASSETS			
Property, plant and equipment	11	472,176	324,438
Intangible assets	12	84,997	80,109
TOTAL NON-CURRENT ASSETS		557,173	404,547
TOTAL ASSETS		9,572,869	7,330,727
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	1,880,216	1,195,730
Employee benefits	14	173,475	163,687
Other financial liabilities	15	970	195,556
TOTAL CURRENT LIABILITIES		2,054,661	1,555,973
NON-CURRENT LIABILITIES			
Trade and other payables	13	20,391	24,922
Employee benefits	14	26,690	26,787
Other financial liabilities	15	716,612	113,100
TOTAL NON-CURRENT LIABILITIES		763,693	164,809
TOTAL LIABILITIES		2,818,354	1,720,782
NET ASSETS		6,754,515	5,609,945
EQUITY			
Issued capital	16	27,181,236	25,378,045
Equity-based payments reserves		516,110	516,110
Accumulated losses		(20,942,831)	(20,284,210)
TOTAL EQUITY		6,754,515	5,609,945



XTEK LIMITED & CONTROLLED ENTITIES
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Consolidated Statement of Changes in Equity

Half Year Ended 31 December 2017

	Note	Issued Capital \$	Equity based payments Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2017		25,378,045	516,110	(20,284,210)	5,609,945
Loss for the half-year		-	-	(658,621)	(658,621)
Shares issued during the half year		1,910,933	-	-	1,910,933
Transaction costs associated with share capital		(107,742)	-	-	(107,742)
Balance at 31 December 2017		27,181,236	516,110	(20,942,831)	6,754,515

	Note	Issued Capital \$	Equity based payments reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2016		21,569,000	516,110	(20,345,435)	1,739,675
Profit for the year			-	61,225	61,225
Shares issued during the year		4,113,000	-	-	4,113,000
Transaction costs associated with share capital		(303,955)	-	-	(303,955)
Balance at 30 June 2017		25,378,045	516,110	(20,284,210)	5,609,945



XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Consolidated Statement of Cash Flows

Half Year Ended 31 December 2017

	Half-year Ended 31 December 2017	Half-year Ended 31 December 2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	4,587,050	1,787,828
Payments to suppliers and employees	(6,637,009)	(3,363,067)
	(2,049,959)	(1,575,239)
Interest received	23,064	6,614
Interest paid	(3,829)	(13,564)
Net cash provided by/(used in) operating activities	(2,030,724)	(1,582,189)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(185,574)	(72,454)
Payment for intangible asset	(4,887)	(6,697)
Net cash used by investing activities	(190,461)	(79,151)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of ordinary shares	1,910,933	1,248,066
Payment of transaction costs associated with issuing share capital	(107,743)	(72,556)
Proceeds from short term loan	-	300,000
Repayment of short term loan	-	(100,000)
Net cash provided by financing activities	1,803,190	1,175,510
Net increase/(decrease) in cash and cash equivalents held	(417,995)	(285,829)
Cash and cash equivalents at beginning of year	2,821,616	549,517
Cash and cash equivalents at end of the half year	7 2,403,621	263,688



XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Notes to the Financial Statements

Half-year Ended 31 December 2017

The consolidated financial report covers XTEK Limited and Controlled Entities (XTEK). XTEK is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within XTEK prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 27 February 2018

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

This condensed consolidated interim financial report for the reporting period ending 31 December 2017 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of XTEK Limited and controlled entities (XTEK). As such it does not contain information that represents relatively insignificant changes occurring during the half year within XTEK. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of XTEK for the year ended 30 June 2017, together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

2 Summary of Significant Accounting Policies

(a) Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

XTEK has incurred a loss of \$658,621 for the half-year ended 31 December 2017 (full year ended 30 June 2017: Profit of \$61,225 and half-year ended 31 December 2016: loss of \$1,339,386).

Accumulated losses to 31 December 2017 total \$20,942,831 (accumulated losses to 30 June 2017 of \$20,284,210 and accumulated losses to 31 December 2016 total \$21,684,823).

The balance of cash and cash equivalents was \$2,403,621 as at 31 December 2017 (as at 30 June 2017: \$2,821,616 and as at 31 December 2016: \$263,688).



XTEK LIMITED & CONTROLLED ENTITIES
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Half-year Ended 31 December 2017

The Directors have reviewed XTEK's financial position and cash flow forecasts for the next twelve months, which show that XTEK will be able to meet its debts as and when they fall due and payable and are, therefore, of the opinion that the use of the going concern basis of accounting is appropriate. This is based on the expectation that XTEK will meet projected revenue from its Agency and product development businesses and that XTEK will be able to retain overheads at budgeted levels.

(b) Derivative financial instruments

XTEK uses forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Changes in fair value are recognised immediately in profit or loss in income or expenses. Forward currency contracts are recognised as an asset when their value is positive and as a liability when their value is negative.

3 Revenue and Other Income

	Half-year ended 31 December 2017 \$	Half-year ended 31 December 2016 \$
Revenue from continuing operations	5,284,341	1,130,467
	5,284,341	1,130,467
Other Income		
- Interest income	23,064	6,614
- R&D tax incentive(refer Note 5a)	225,000	317,861
- Other income	103,156	5,132
	351,220	329,607
Total Revenue and other income	5,635,561	1,460,074



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FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Notes to the Financial Statements

Half-year Ended 31 December 2017

4 Expenses

	Half-year ended 31 December 2017 \$	Half-year ended 31 December 2016 \$
Employee Benefits		
Salaries and wages	1,566,942	886,580
Superannuation	142,521	108,399
Redundancy payments	-	-
Payroll tax	54,418	30,900
Workers compensation	15,886	12,497
Total employee benefits	1,779,767	1,038,376
Depreciation		
Plant and machinery	15,020	13,848
Computer software	1,365	-
Demonstration equipment	4,370	5,739
Leasehold improvements	2,068	1,720
Office furniture and fixtures	14,554	15,551
Motor vehicles	458	458
Total depreciation	37,835	37,316
Operational expenditure		
Accounting fees	8,158	4,564
Audit fees	34,268	24,318
Advertising and conferences	59,362	57,005
Bank charges	2,862	2,246
Consultancy fees	131,508	86,363
Directors fees	67,500	80,000
Insurance	50,424	70,666
FBT	4,103	4,103
Office administrative costs	277,258	251,456
Operating lease charges	20,390	12,390
Share registry fees	39,034	25,439
Travel and entertainment	71,153	26,389
Staff training	10,463	11,105
R & D project expenses	58,780	6,371
Net foreign currency losses	-	1,870
Other expenses	60,768	52,807
Total operational expenditure	896,031	717,092
Finance costs		
Interest	3,829	13,564
Total finance costs	3,829	13,564



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Half-year Ended 31 December 2017

5 Government Grants

(a) AusIndustries R&D Tax Incentive

R&D tax incentive, estimate \$225,000, has been included as revenue for the half year ended 31 December 2017. The balance included is collectible on the granting of approval from the Department of Industry, Innovation & Science and lodgement of an R&D tax incentive return for the full year 2017.

\$317,861 was taken up in the comparative half year to 31 December 2016. Funds of \$578,903 were received from AusIndustry's R&D Tax Incentive Regime in February 2018 and related to R&D expenses for the full financial year 2017.

7 Cash and Cash Equivalents

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Cash at bank and in hand	2,403,621	2,821,616
	<u>2,403,621</u>	<u>2,821,616</u>

8 Trade and Other Receivables

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
CURRENT		
Trade receivables	2,682,557	1,733,146
Other receivables	1,922,792	825,378
GST receivable	-	-
Total current trade and other receivables	<u>4,605,349</u>	<u>2,558,524</u>

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Notes to the Financial Statements

Half-year Ended 31 December 2017

9 Inventories

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
CURRENT		
Product and spare products	867,267	563,449
Work in progress	824,842	323,023
	<u>1,692,109</u>	<u>886,472</u>

10 Other Assets

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
CURRENT		
Prepayments	283,225	638,831
Short term loan	21,834	20,737
Other current assets	9,558	-
	<u>314,617</u>	<u>659,568</u>



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FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Notes to the Financial Statements

Half-year Ended 31 December 2017

11 Property, plant and equipment

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Plant and equipment		
At cost	417,017	255,150
Accumulated depreciation	(161,231)	(150,431)
Total plant and equipment	255,786	104,719
Office Furniture and Equipment		
At cost	248,522	243,011
Accumulated depreciation	(162,860)	(147,727)
Total office furniture and equipment	85,662	95,284
Motor vehicles		
At cost	58,011	58,011
Accumulated depreciation	(51,639)	(51,181)
Total motor vehicles	6,372	6,830
Demonstration Equipment		
At cost	141,663	138,644
Accumulated depreciation	(119,744)	(115,374)
Total demonstration equipment	21,919	23,270
Computer software		
At cost	82,824	71,867
Accumulated depreciation	(67,900)	(67,114)
Total computer software	14,924	4,753
Property Improvements		
At cost	61,272	61,272
Accumulated depreciation	(55,071)	(53,002)
Total property improvements	6,201	8,270
UAS - Work in progress		
At cost	81,312	81,312
Total UAS	81,312	81,312
Total property, plant and equipment	472,176	324,438



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Half-year Ended 31 December 2017

12 Intangible Assets

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Patents at Cost	84,997	80,109
	<u>84,997</u>	<u>80,109</u>

13 Trade and Other Payables

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
CURRENT		
Trade payables	310,834	756,013
GST payable	200,629	60,600
Accrued expenses	1,194,796	200,011
Employee entitlements (annual leave)	164,894	170,043
Rent payable	9,063	9,063
	<u>1,880,216</u>	<u>1,195,730</u>
	\$	\$
NON-CURRENT		
Rent payable	20,391	24,922
	<u>20,391</u>	<u>24,922</u>

14 Provisions

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
CURRENT		
Employee benefits (long service leave)	173,475	163,687
	<u>173,475</u>	<u>163,687</u>
NON-CURRENT		
Employee benefits (long service leave)	26,690	26,787
	<u>26,690</u>	<u>26,787</u>



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Notes to the Financial Statements

Half-year Ended 31 December 2017

15 Deferred income

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
CURRENT		
Customer Deposits	970	196,556
Total	970	196,556

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
NON-CURRENT		
Customer deposits	716,612	113,100
Total	716,612	113,100

16 Issued Capital

		Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Ordinary shares	31 Dec 17: 39,847,678 (30 Jun 17: 35,700,690)	27,181,236	25,378,045
Total		27,181,236	25,378,045

Movement in ordinary shares on issue

	No.	\$
At the beginning of the reporting period	35,700,690	25,378,045
Shares issued during the year	4,146,988	1,910,934
Shares bought back during the year	-	-
Transaction cost on share issued		(107,743)
At the end of the reporting period	39,847,678	27,181,236

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

500,000 unlisted options with an exercise price of \$0.45 per option, expiring 15 July 2018 were allotted and issued to Kentgrove Equity Placement Agreement on 15 July 2015. The issued capital of XTEK now comprises 35,700,690 fully paid Ordinary Shares with 500,000 unlisted options currently on issue.



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Half-year Ended 31 December 2017

17 Operating Segments

The XTEK Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and allocation of resources.

XTEK is managed primarily on the basis of product category and service offerings as the diversification of the Company's operations inherently have different risk profiles and performance assessment criteria.

(a) Revenue by geographical region

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	Half-year Ended 31 December 2017 \$	Half-year Ended 31 December 2016 \$
Total revenue	5,284,341	1,130,467
Australia	97.0%	97.8%
Outside of Australia	3.0%	2.2%

(b) Major customers

The Company has a number of customers to whom it provides both products and services. The Company supplies a number of Australian Government agencies that, combined for half-year 2017, account for 61% of revenue (half-year ended 31 December 2016: 91%). The next most significant client for the half-year ended 31 December 2017 accounts for 32% of revenue and relates to the State Government of Victoria (half-year ended 31 December 2016: State Government of Western Australian 2.5%).

18 Contingencies

In the opinion of the Directors, XTEK did not have any contingencies at 31 December 2017 (30 June 2017: None).

19 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of XTEK, the results of those operations, or the state of affairs of XTEK in future financial years.



XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Notes to the Financial Statements

Half-year Ended 31 December 2017

20 Parent entity

The following information has been extracted from the books and records of the parent, XTEK Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, XTEK Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

	Half-year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Statement of Financial Position		
Assets		
Current assets	9,084,589	6,963,860
Non-current assets	554,096	400,891
Total Assets	<u>9,638,685</u>	<u>7,364,751</u>
Liabilities		
Current liabilities	2,040,531	1,536,571
Non-current liabilities	763,695	164,809
Total Liabilities	<u>2,804,226</u>	<u>1,701,380</u>
Net Assets	<u>6,834,459</u>	<u>5,663,371</u>
Equity		
Issued capital	27,181,236	25,378,045
Reserves	514,228	514,228
Accumulated losses	(20,861,005)	(20,228,902)
Total Equity	<u>6,834,459</u>	<u>5,663,371</u>
Statement of Profit or Loss and Other Comprehensive Income		
Profit / (Loss) for the half year	<u>(632,102)</u>	92,741
Total comprehensive income	<u>(632,102)</u>	<u>92,741</u>

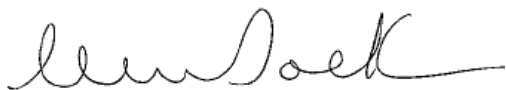
XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Directors' Declaration

The Directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 4-17 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Uwe Boettcher
Director



Lawrence A. Gardiner
Company Secretary

Dated this 27th day of February 2018

XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Independent Auditor's Review Report



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Hardwickes Partners Pty Ltd
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Liability limited by a scheme
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Standards Legislation

Independent Auditor's Review Report to the members of Xtek Limited and Controlled Entities

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Xtek Limited and Controlled Entities, which comprises the consolidated condensed statement of financial position as at 31 December 2017, the consolidated condensed statement of profit or loss and other comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed 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.

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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2017 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 Xtek Limited and Controlled Entities, 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.



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017



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Independent Auditor's Review Report to the members of Xtek Limited and Controlled Entities

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 Xtek Limited and Controlled Entities, would be in the same terms if given to the directors as at the time of this auditor's 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 Xtek Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Hardwickes

Hardwickes
Chartered Accountants

R Johnson

Robert Johnson FCA
Partner

Canberra

27 February 2018

