

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

28 February 2019

By Electronic Lodgement

Dear Sir/Madam,

LODGEMENT OF HALF YEAR REPORT (APPENDIX 4D)

In accordance with the Listing Rules, please find attached the Half Year Report (Appendix 4D) for XTEK Limited (XTE) for the half-year period ended 31 December 2018. The information contained in this report should be read in conjunction with the 2018 Annual Report.

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

Yours sincerely,



Lawrence A. Gardiner
Company Secretary

Attachment: XTEK Limited Half Year Report for half-year ended 31 December 2018.

XTEK Limited and Controlled Entities

APPENDIX 4D

HALF YEAR REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

SUMMARY OF RESULTS FOR ANOUNCEMENT TO THE MARKET

Key Information	Half Year 2018 \$'000	Half Year 2017 \$'000	↑	Change %
Revenue from ordinary activities	8,413	5,284	↑	59%
Loss after tax from ordinary activities	(1,773)	(659)	↑	169%
Loss attributable to members	(1,773)	(659)	↑	169%

Note: XTEK recorded a loss for the current half year period of \$1,772,692 and a loss of \$698,621 in the comparative period to 31 December 2017.

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	Half Year 2018 \$	Half Year 2017 \$
Basic profit/(loss) per share	(0.044)	(0.016)
Diluted profit/(loss) per share	(0.044)	(0.016)

Net tangible asset backing per share	Half Year 2018 \$	Half Year 2017 \$
Net tangible asset backing per share	0.147	0.167



XTEK LIMITED

and

Controlled Entities

HALF YEAR REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2018

This Half Year 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 2018 Annual Report and any announcements to the market by XTEK Limited during the half-year period ending 31 December 2018.

Current period:	1 July 2018 to 31 December 2018
Prior corresponding period:	1 July 2017 to 31 December 2017

XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – HALF YEAR REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

XTEK Limited and Controlled Entities

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XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – HALF YEAR REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Directors' Report

Half-year Ended 31 December 2018

Your Directors submit the financial report for the half-year ended 31 December 2018.

Directors

The names of Directors who held office during the half-year ended 31 December 2018, are:

Mr. Uwe Boettcher
Mr. Philippe Odouard
Mr. Christopher Fullerton

Mr. Robert Quodling
Mr. Ivan Slavich

Review of Operations

Financial Overview

XTEK achieved record revenue of A\$8.4m (1H18: A\$5.3m), up by 59%, for the half-year ended 31 December 2018. Second half revenue is expected to be stronger, underpinned by ~A\$43m of contracted revenue.

The first half net loss of A\$1.8m (1H18: net loss of A\$0.7m) was largely due to continued investment into XTEK's own products and commercial scale manufacturing capacity.

Seasonal trends are well established in the defence sector, with XTEK customers consistently requiring deliveries in the second half of each financial year to fully utilise their budget. This is reflected in XTEK's historical financial performance. The Company is expected to be profitable for the second half.

XTEK Proprietary In-house Products

XTclave™ production plant: Construction of sub-systems for XTEK's new commercial-scale XTclave™ production plant is underway. The plant is a key catalyst for the next phase of growth, providing the ability to meet large-scale orders for personal ballistic armour plates and allowing XTEK to develop a wide variety of products for the global composites market. The engineering design of XTEK's new facility is progressing and remains on track to deliver products in the second half of calendar year 2019.

XTclave™ armour products: XTEK is actively engaged in discussions with selected distributors and partners in Europe and USA. XTEK is bidding in multiple Government and Defence tenders as the prime contractor, or as armour supplier to the prime contractor, to supply XTclave™ hard armour ballistic plates. These are the lightest state-of-the-art plates in the market. Recent test results have shown significant weight and thickness reduction with uncompromised performance. XTEK continues to develop its products both in composite only and in hybrid material solutions including ceramics, metallics and composite hybrid constructions.

XTclave™ ballistic helmets: XTEK has continued its development of ballistic helmet shells, demonstrating they successfully meet Defence performance targets at significantly lighter weights and reduced thicknesses. Additionally, this development includes process improvement and production line equipment, for the ultimate commercialisation of shells for the global market. These developments have improved both helmet ballistic performance and increased production rates.

XTatlas™: In October 2018, XTEK received the first order for its proprietary technology, XTatlas™, from the Australian Defence Force (ADF). This order will allow for a full evaluation of the products capabilities to be completed, including evaluation of the new functionalities that are offered in the latest version of the technology.



XTEK LIMITED & CONTROLLED ENTITIES
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Directors' Report (continued)

XTEK Tac2: Further to the delivery of XTEK Tactical 2 Sniper Rifle systems to the ADF in previous years, XTEK is currently completing the manufacture of additional complete weapon systems and has received orders for the supply of additional weapons parts. Revenue for some of these orders has been recognised in this period, with the remainder of the orders to be delivered before the end of FY2019.

Value-added Reseller Products

In November 2018, XTEK received an order from the ADF for Small Unmanned Aerial Systems (SUAS) spare parts. The order, worth A\$6.3m, follows the initial delivery of WASP AE to the Army. In addition, XTEK completed the installation of a comprehensive SUAS repair and maintenance facility in Canberra. This facility is well placed to capture higher margin SUAS repair and maintenance revenue streams.

Outlook

XTEK expects a stronger second half, and is pleased to announce an increased FY2019 revenue guidance of A\$20m to A\$30m (previously A\$20m to A\$26m) and a net profit for the second half.

The Company has a contracted revenue pipeline in place which includes additional orders for SUAS and SUAS parts. It remains well placed to secure further contract wins for the supply of value added reseller products, XTEK proprietary products, and technologies for the ADF and law enforcement agencies. In addition, XTEK confirms that the second delivery of WASP AE SUAS is expected in mid-2019, with correlated SUAS maintenance revenues expected to follow in the second half of FY19 and beyond.

XTEK remains focused on achieving key milestones for the commercialisation of its in-house technologies globally in the 2019 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. Notably, XTEK's helmet shells have met performance targets and continue to make strong progress in performance evaluation. These performances set the pathway to achieving orders from global law enforcement and defence customers.


The Company is on track to have commercial scale production capacity for its XTclave™ products this calendar year. Concurrently, XTEK is also exploring developing a manufacturing capability in the US.

XTatlas™ continues to attract attention from leading SUAS manufacturers and operators. Further enhancements have been made, with the 3D modelling in near real time now fully operational. In addition, the Sensor and Radiation Broad-band Interface (SARBI) application allows accurate and near real time mapping from chemical, biological, nuclear and radiological sources. This application is gaining momentum among first responder teams in both the military and commercial sectors. Demonstrations are expected to highlight the production of "actionable intelligence" in near real-time, providing a major enhancement to the existing emergency response and 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.

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 2018.

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



Mr. Uwe Boettcher
Chairman

28 February 2019



XTEK LIMITED & CONTROLLED ENTITIES
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2018



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Liability limited by a scheme
approved under Professional
Standards Legislation

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of XTEK Limited and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018, there have been:

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

Hardwickes
Chartered Accountants

Bhaumik Bumia
Partner

28 February 2019

Canberra



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND



XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – HALF YEAR REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Half-year Ended 31 December 2018

	Note	Half-year ended 31 December 2018 \$	Half-year ended 31 December 2017 \$
Revenue	3	8,413,443	5,284,341
Changes in inventories of finished goods and work in progress		(6,648,048)	(3,576,720)
Gross profit		1,765,395	1,707,621
Other income	3	31,894	351,220
Research and development expenses	4	(720,127)	(517,241)
Corporate and administrative expenses	4	(2,849,854)	(2,200,221)
(Loss) from operations before income tax		(1,772,692)	(658,621)
Income tax expense		-	-
(Loss) from operations		(1,772,692)	(658,621)
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year		(1,772,692)	(658,621)



XTEK LIMITED & CONTROLLED ENTITIES
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Consolidated Statement of Financial Position

As At 31 December 2018

	Note	As at 31 December 2018 \$	As at 30 June 2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	6,613,676	5,944,620
Trade and other receivables	8	2,810,902	5,979,880
Inventories	9	1,246,621	1,466,734
Other assets	10	640,584	347,841
Right to use - Lease	16	234,223	-
TOTAL CURRENT ASSETS		11,546,006	13,739,075
NON-CURRENT ASSETS			
Intangible assets	12	144,614	96,614
Property, plant and equipment	11	700,281	512,646
Right to use - Lease	16	1,104,751	-
TOTAL NON-CURRENT ASSETS		1,949,646	609,260
TOTAL ASSETS		13,495,652	14,348,335
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	5,223,718	5,785,405
Employee benefits	14	294,484	287,459
Other financial liabilities	15	527,854	544,613
Lease liability	16	234,223	-
TOTAL CURRENT LIABILITIES		6,280,279	6,617,477
NON-CURRENT LIABILITIES			
Trade and other payables	13	11,328	15,859
Employee benefits	14	32,956	44,551
Lease liabilities	16	1,104,751	-
Other financial liabilities	15	91,065	102,794
TOTAL NON-CURRENT LIABILITIES		1,240,100	163,204
TOTAL LIABILITIES		7,520,379	6,780,681
NET ASSETS		5,975,273	7,567,654
EQUITY			
Issued capital	17	27,376,841	27,196,530
Equity-based payments reserves		516,110	516,110
Accumulated losses		(21,917,678)	(20,144,986)
TOTAL EQUITY		5,975,273	7,567,654



XTEK LIMITED & CONTROLLED ENTITIES
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2018

	Note	Issued Capital \$	Equity based payments Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2018	17	27,196,530	516,110	(20,144,986)	7,567,654
Loss for the half-year		-	-	(1,772,692)	(1,772,692)
Shares issued during the year		249,736	-	-	249,736
Transaction costs associated with share capital		(69,425)	-	-	(69,425)
Balance at 31 December 2018		27,376,841	516,110	(21,917,678)	5,975,273

	Note	Issued Capital \$	Equity based payments reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2017	17	25,378,045	516,110	(20,284,210)	5,609,945
Profit for the year		-	-	139,224	139,224
Shares issued during the year		1,985,731	-	-	1,985,731
Transaction costs associated with share capital		(167,246)	-	-	(167,246)
Balance at 30 June 2018		27,196,530	516,110	(20,144,986)	7,567,654



XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – HALF YEAR REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2018

	Half-year Ended 31 December 2018	Half-year Ended 31 December 2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	13,929,653	4,587,050
Payments to suppliers and employees	(13,098,948)	(6,637,009)
	830,705	(2,049,959)
Interest received	29,532	23,064
Interest paid	(1,047)	(3,829)
Net cash provided by/(used in) operating activities	859,190	(2,030,724)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	11 (252,709)	(185,574)
Payment for intangible asset	12 (48,000)	(4,887)
Net cash used by investing activities	(300,709)	(190,461)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of ordinary shares	180,000	1,910,933
Payment of transaction costs associated with issued share capital	(69,425)	(107,743)
Proceeds from short term loan	-	-
Repayment of short term loan	-	-
Net cash used by financing activities	110,575	1,803,190
Net increase/(decrease) in cash and cash equivalents held	669,056	(417,995)
Cash and cash equivalents at beginning of the half year	5,944,620	2,821,616
Cash and cash equivalents at end of the half year	7 6,613,676	2,403,621



XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – HALF YEAR REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Notes to the Financial Statements

Half-year Ended 31 December 2018

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 28 February 2019

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

This condensed consolidated half year financial report for the reporting period ending 31 December 2018 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The half year financial report is intended to provide users with an update on the latest annual financial statements of XTEK Limited and controlled entities 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 2018, together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this half year 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 \$1,772,692 for the half-year ended 31 December 2018 (full year ended 30 June 2018: Profit of \$139,224 and half-year ended 31 December 2017: loss of \$658,621).

Accumulated losses to 31 December 2018 total \$21,917,678 (accumulated losses to 30 June 2018 of \$20,144,986 and accumulated losses to 31 December 2017 total \$20,942,831).

The balance of cash and cash equivalents was \$6,613,676 as at 31 December 2018 (as at 30 June 2018: \$5,944,620 and as at 31 December 2017: \$2,403,621).



XTEK LIMITED & CONTROLLED ENTITIES
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Half-year Ended 31 December 2018

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 value added reseller 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 2018	Half-year ended 31 December 2017
	\$	\$
Revenue from continuing operations	8,413,443	5,284,341
	8,413,443	5,284,341
Other Income		
- Interest income	29,532	23,064
- R&D tax incentive(refer Note 5a)	-	225,000
- Other income	2,362	103,156
	31,894	351,220
Total Revenue and other income	8,445,337	5,635,561



XTEK LIMITED & CONTROLLED ENTITIES
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Notes to the Financial Statements

Half-year Ended 31 December 2018

4 Expenses

“Research and development expenses” and “Corporate and administrative expenses” include the following.

	Half-year ended 31 December 2018	Half-year ended 31 December 2017
	\$	\$
Employee Benefits		
Salaries and wages	1,563,911	1,566,942
Superannuation	163,331	142,521
Payroll tax	72,227	54,418
Workers compensation	32,254	15,886
Depreciation		
Plant and machinery	31,057	15,020
Computer software	5,303	1,365
Demonstration equipment	4,374	4,370
Leasehold improvements	5,751	2,068
Office furniture and fixtures	18,131	14,554
Motor vehicles	458	458
Accounting fees	7,619	8,158
Audit fees	27,500	34,268
Bank charges	3,464	2,862
Directors fees	130,000	67,500
Minor operating lease	8,389	20,390
Interest	1	3,831



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Notes to the Financial Statements

Half-year Ended 31 December 2018

5 Government Grants

(a) AusIndustries R&D Tax Incentive

An R&D tax incentive estimate of \$313,255 has been made for the half year to date. No cash back is expected to be received for the full 2017-18 year due to revenue threshold restrictions. The full year claim is still to be granted approval from the Department of Industry, Innovation & Science on lodgement of an R&D tax incentive return.

\$225,000 was taken up in the comparative half year to 31 December 2017. Funds of \$534,570 were received from AusIndustry's R&D Tax Incentive Regime in November 2018 and related to R&D expenses for the full financial year 2017-18.

7 Cash and Cash Equivalents

	Half-year ended 31 December 2018	Year ended 30 June 2018
	\$	\$
Cash at bank and in hand	<u>6,613,676</u>	<u>5,944,620</u>
	<u>6,613,676</u>	<u>5,944,620</u>

8 Trade and Other Receivables

	Half-year ended 31 December 2018	Year ended 30 June 2018
	\$	\$
CURRENT		
Trade receivables	2,326,299	767,537
Other receivables	446,092	5,212,343
GST receivable	38,511	-
Total current trade and other receivables	<u>2,810,902</u>	<u>5,979,880</u>

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Notes to the Financial Statements

Half-year Ended 31 December 2018

9 Inventories

	Half-year ended 31 December 2018 \$	Year ended 30 June 2018 \$
CURRENT		
Product and spare products	897,785	741,323
Work in progress	348,836	725,411
	<u>1,246,621</u>	<u>1,466,734</u>

10 Other Assets

	Half-year ended 31 December 2018 \$	Year ended 30 June 2018 \$
CURRENT		
Prepayments	616,574	324,365
Short term loan	24,010	23,476
	<u>640,584</u>	<u>347,841</u>



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Notes to the Financial Statements
Half-year Ended 31 December 2018

11 Property, plant and equipment

	Half-year ended 31 December 2018 \$	Year ended 30 June 2018 \$
Plant and equipment		
At cost	505,495	497,500
Accumulated depreciation	<u>(219,084)</u>	<u>(188,606)</u>
Total plant and equipment	<u>286,411</u>	<u>308,894</u>
Office Furniture and Equipment		
At cost	304,065	256,792
Accumulated depreciation	<u>(184,150)</u>	<u>(177,163)</u>
Total office furniture and equipment	<u>119,915</u>	<u>79,629</u>
Motor vehicles		
At cost	42,554	42,554
Accumulated depreciation	<u>(37,090)</u>	<u>(36,633)</u>
Total motor vehicles	<u>5,464</u>	<u>5,921</u>
Demonstration Equipment		
At cost	151,460	144,208
Accumulated depreciation	<u>(128,836)</u>	<u>(124,461)</u>
Total demonstration equipment	<u>22,624</u>	<u>19,747</u>
Computer software		
At cost	154,484	82,824
Accumulated depreciation	<u>(75,151)</u>	<u>(69,848)</u>
Total computer software	<u>79,333</u>	<u>12,976</u>
Leasehold improvements		
At cost	168,078	61,272
Accumulated depreciation	<u>(62,856)</u>	<u>(57,105)</u>
Total property improvements	<u>105,222</u>	<u>4,167</u>
UAS - Work in progress		
At cost	<u>81,312</u>	<u>81,312</u>
Total UAS	<u>81,312</u>	<u>81,312</u>
Total property, plant and equipment	<u>700,281</u>	<u>512,646</u>

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Notes to the Financial Statements

Half-year Ended 31 December 2018

12 Intangible Assets

	Half-year ended 31 December 2018	Year ended 30 June 2018
	\$	\$
Patents		
Cost	144,614	96,614
	<u>144,614</u>	<u>96,614</u>

13 Trade and Other Payables

	Half-year ended 31 December 2018	Year ended 30 June 2018
	\$	\$
CURRENT		
Trade payables	4,184,355	1,363,137
GST payable	602,694	55,929
Sundry payables and accrued expenses	293,429	4,306,136
Derivative financial liability	134,177	51,140
Rent payable	9,063	9,063
	<u>5,223,718</u>	<u>5,785,405</u>
	\$	\$
NON-CURRENT		
Rent payable	11,328	15,859
	<u>11,328</u>	<u>15,859</u>

14 Employee benefits

	Half-year ended 31 December 2018	Year ended 30 June 2018
	\$	\$
CURRENT		
Annual leave provision	154,392	144,862
Long service leave	140,092	142,597
	<u>294,484</u>	<u>287,459</u>
	\$	\$
NON-CURRENT		
Long service leave	32,956	44,551
	<u>32,956</u>	<u>44,551</u>



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Notes to the Financial Statements

Half-year Ended 31 December 2018

15 Other financial liabilities

	Half-year ended 31 December 2018 \$	Year ended 30 June 2018 \$
CURRENT		
Customer Deposits	527,854	544,613
Total	527,854	544,613
	\$	\$
NON-CURRENT		
Customer deposits	91,065	102,794
Total	91,065	102,794

16 Operating leases

The Company's only major leases are those for leased premises. XTEK has adopted AASB 16 and brought to book the discounted values of both the Right of Use asset and Lease Liability. No income or expenditure has been recorded in the Consolidated Statement of Profit and Loss and Other Comprehensive Income. The adoption of the standard has had no impact on the profit/loss of the company.

The Current and Non-Current components for both assets and liabilities are the same and set out below.

	Half-year ended 31 December 2018 \$	Year ended 30 June 2018 \$
CURRENT		
Lease	234,223	-
Total	234,223	-
	\$	\$
NON-CURRENT		
Lease	1,104,751	-
Total	1,104,751	-

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Notes to the Financial Statements

Half-year Ended 31 December 2018

17 Issued Capital

		Half-year ended 31 December 2018	Year ended 30 June 2018
		\$	\$
Ordinary shares	31 Dec 18: 40,579,906	27,376,841	27,196,530
	(30 Jun 18: 39,947,678)	27,376,841	27,196,530
Total		27,376,841	27,196,530

Movement in ordinary shares on issue

	No.	\$
At the beginning of the reporting period	39,947,678	27,196,530
Shares issued during the year	576,546	249,736
Shares issued, held in escrow	55,682	-
Transaction cost on share issued	-	(69,425)
At the end of the reporting period	40,579,906	27,376,841

In December 2018 a total of 55,682 shares were provided to staff members as a bonus. These shares are in escrow for a period of three years. The capital value of the shares will be taken up progressively as they vest in the hands of their recipients.

400,000 unlisted options, with an exercise price of \$0.45 each, were exercised prior to their expiration on 15 July 2018.

Fully paid ordinary shares carry one vote per share and carry the right to dividends. There are no options on issue at 31 December 2018.



XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – HALF YEAR REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Notes to the Financial Statements

Half-year Ended 31 December 2018

18 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 2018 \$	Half-year Ended 31 December 2017 \$
Australia	8,395,042	5,124,194
New Zealand	14,278	-
Israel	4,123	-
Singapore	-	15,147
United States of America	-	145,000
	<u>8,413,443</u>	<u>5,284,341</u>

(b) Major customers

The most significant customer for the half-year ended 31 December 2018 is the Department of Defence and accounts for 98% of revenue (half-year ended 31 December 2017: 12%).

These numbers are skewed heavily by the delivery of components of the large Land 129 Acquisition contract with Defence.

19 Contingencies

In the opinion of the Directors, XTEK did not have any contingencies at 31 December 2018 (30 June 2018: None).

20 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 – HALF YEAR REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Directors' Declaration

The Directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on page 4 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 2018 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 28th day of February 2019

XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – HALF YEAR REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018



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Hardwickes Partners Pty Ltd
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Liability limited by a scheme
approved under Professional
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 2018, 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 2018 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.



XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – HALF YEAR REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018



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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 2018 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
Chartered Accountants

Bhaumik Bumia
Partner

Canberra

28 February 2019

