

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

27 February 2015

By Electronic Lodgement

Dear Sir/Madam,

LODGEMENT OF INTERIM FINANCIAL REPORT (APPENDIX 4D)

In accordance with the Listing Rules, please find attached the Interim Financial Report (Appendix 4D) for XTEK Ltd (XTE) for the half-year period ended 31 December 2014. The information contained in this report should be read in conjunction with the most recent 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: Appendix 4D – XTEK Limited Interim Financial Report for half-year ended 31 December 2014.

XTEK LIMITED

ABN 90 103 629 107

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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 2014 annual report and any announcements to the market by XTEK limited during the half-year period ending 31 December 2014.

Current period: 1 July 2014 to 31 December 2014

Prior corresponding period: 1 July 2013 to 31 December 2013



XTEK LIMITED ABN 90 103 629 107
APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

RESULTS FOR ANOUNCEMENT TO THE MARKET

Key Information	Half-year Ended 31 December 2014 \$'000	Half-year Ended 31 December 2013 \$'000	% Change
Revenue from ordinary activities	1,570	1,495	5%
(Loss) after tax from ordinary activities	(885)	(609)	45%
Net (loss) attributable to members	(885)	(609)	45%

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

Net tangible asset backing per share	Notes	Half-year Ended 31 December 2014 \$	Half-year Ended 31 December 2013 \$
Net tangible asset backing per share	6	0.026	0.054



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FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

DIRECTORS' REPORT

Your directors submit the financial report for the half-year ended 31 December 2014.

Directors

The names of directors who held office during or since the end of the half-year:

- Mr. Uwe Boettcher
- Mr. Robert Quodling
- Mr. Lawrence Gardiner
- Mr. Ivan Slavich

Review of Operations

XTEK is on track to deliver a full year profit with sales and confirmed orders in hand currently sitting in excess of \$12m. Despite a superior sales effort, booked revenue in the first half was weak resulting in a loss. This occurred as a result of the slippage of a number of significant orders to the value of \$2.27m into H2. The overriding factor influencing these slippages was an inability of manufacturers to deliver products before the end of H1. These slippages should boost H2. It is positive to note that over \$10.5m worth of orders have already been secured for the remainder of the financial year. This is significantly up on last year and lays the foundations for a successful second half and improved end of year results.

Outlook

This is a big year for XTEK with the Company at an inflection point. Given the significant orders already booked for delivery in H2 and a number of sales opportunities currently being pursued across the Company, it is anticipated that agency sales will perform strongly for the full FY.

Some of the highlights include:

- Secured a \$7.7m UAV order from the Australian Defence Force (ADF), scheduled to be delivered in May 2015.
- Confirmed orders for \$1.35m received from the ADF for the supply of weapon components. The Company has developed and is manufacturing \$509K worth of these components.
- The US Department of Defense exercised its option to extend the US\$1.5m Foreign Comparative Testing (FCT) program utilising XTclave™ for a second year.

Future Opportunities

The Company is developing an organic UAV services capability for the commercial sector. It is well positioned to win contracts in the utilities sector for asset inspection, the surveying sector for 3D mapping and modelling and the emergency services sector. Following the recent distributor appointment of XTEK by VideoRay to represent their submersible remotely operated vehicles, the Company is now in a very strong position to service customers for their air, land and sea inspection and surveying requirements with remotely operated vehicles.



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FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Directors Report (continued)
Future Opportunities (continued)

The Company's big growth opportunity lies in the successful commercialisation of the patented XTclave™ technology. If the FCT project can prove that XTclave™ provides distinct advantages over traditional armour manufacturing processes, it will be an important endorsement that could lead to future body armour licensing contracts. The final results from the project are expected before the end of the year, but the technology is already used to create products for the ADF. Composite parts processed by XTclave™ are used in the XTEK-designed sniper rifle folding chassis recently sold to Defence. Management is also looking at other applications for the technology within and outside the defence sector.

XTEK Propriety Products

Weapons & Ancillaries

The Company anticipates further sales of its Tactical 2 Sniper Rifle folding chassis and associated weapon ancillaries (magazines etc.) to Defence and Law Enforcement agencies. In addition to regional sales, there are also prospects that further sales could be secured through international agreements.



XTEK Magazine

Blaser Long Range Weapons System Folding Chassis

Scope Mount

UAV

The Company is successfully developing an in-house UAV services capability. This capability will be of a non-military/law enforcement nature, focusing on the provision of UAV mapping, photography, training and related maintenance services to the mining, agricultural, environmental and emergency service sectors. This will be a new business activity, predominantly undertaken by the Logistic Engineering Division.



**XTEK LIMITED ABN 90 103 629 107
APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

Directors Report (continued)

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 5 for the half-year ended 31 December 2014.

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



Mr Uwe Boettcher
Chairman
27 February 2015



Auditors 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 2014, 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
Partner

27 February 2015

Canberra

XTEK LIMITED ABN 90 103 629 107
APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE HALF YEAR ENDED 31 DECEMBER 2014**

	Notes	Half-year Ended 31 December 2014 \$	Half-year Ended 31 December 2013 \$
Revenue	2	1,569,746	1,494,533
Changes in inventories of finished goods and work in progress		(926,810)	(651,550)
Gross profit		642,936	842,983
Other income	2	81,585	46,794
Employee benefits expense	2	(884,050)	(797,160)
Depreciation	2	(53,394)	(77,264)
Operational expenditure	2	(667,954)	(583,303)
Finance costs	2	(3,688)	(41,451)
(Loss) from operations before income tax		(884,565)	(609,401)
Income tax expenses		-	-
Total comprehensive (loss) for the period		(884,565)	(609,401)

Loss per share

	Notes	Half-year Ended 31 December 2014 \$	Half-year Ended 31 December 2013 \$
From continuing and discontinued operations:			
Basic (loss) per share	7	(0.044)	(0.003)
Diluted (loss) per share	7	(0.044)	(0.003)
From continuing operations:			
Basic (loss) per share	7	(0.044)	(0.003)
Diluted (loss) per share	7	(0.044)	(0.003)

The accompanying notes form part of these financial statements.



XTEK LIMITED ABN 90 103 629 107
APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	As at 31 December 2014 \$	As at 30 June 2014 \$
ASSETS		
Current assets		
Cash and cash equivalents	142,166	649,773
Trade and other receivables	479,520	1,012,687
Inventories	917,860	744,667
Other	186,790	111,929
Total current assets	1,726,336	2,519,056
Non-current assets		
Property, plant and equipment	350,902	340,102
Intangible assets	52,009	47,259
Total non-current assets	402,911	387,361
TOTAL ASSETS	2,129,247	2,906,417
LIABILITIES		
Current liabilities		
Trade and other payables	494,681	620,508
Provisions	136,643	140,124
Deferred income	822,909	646,108
Other current liabilities	40,433	-
Total current liabilities	1,494,666	1,406,739
Non-current liabilities		
Trade and other payables	47,578	26,734
Provisions	4,706	4,180
Deferred income	1,361	-
Total non-current liabilities	53,645	30,914
TOTAL LIABILITIES	1,548,311	1,437,653
NET ASSETS	580,936	1,468,764
EQUITY		
Issued capital	19,939,593	19,942,856
Reserves	514,228	514,228
Accumulated losses	(19,872,885)	(18,988,320)
TOTAL EQUITY	580,936	1,468,764

The accompanying notes form part of these financial statements.



XTEK LIMITED ABN 90 103 629 107
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Notes	Half-year Ended 31 December 2014 \$	Half-year Ended 31 December 2013 \$
Cash flows (used in)/from operating activities			
Receipts from customers		2,095,014	3,619,289
Payments to suppliers and employees		(2,834,091)	(3,381,586)
		(739,077)	237,703
Receipt of grants	4	304,091	264,995
Interest received		3,494	4,219
Borrowing costs		(3,688)	(26,436)
Net cash flows (used in)/from operating activities		(435,180)	480,481
Cash flows (used in) investing activities			
Payments for property plant and equipment		(69,164)	(67,414)
Net cash flows (used in) investing activities		(69,164)	(67,414)
Cash flows from financing activities			
(Payments)/proceeds from issue of ordinary shares	7	(3,263)	599,129
Proceeds from short term loans		-	450,000
Payment of sale and leaseback		-	(200,000)
Repayments of short term loans		-	(450,000)
Interest paid		-	(15,015)
Net cash flows (used in)/from financing activities		(3,263)	384,114
Net (decrease)/increase in cash and cash equivalents		(507,607)	797,181
Cash and cash equivalents at beginning of the period		649,773	450,911
Cash and cash equivalents at end of period		142,166	1,248,092

The accompanying notes form part of these financial statements.



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FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Issued capital (Note 7) \$	Other equity securities \$	Equity-based payments reserve \$	Accumulated losses \$	Total Equity \$
Balance at 1 July 2013	19,325,728	-	514,228	(18,765,644)	1,074,312
Loss for the half-year	-	-	-	(609,401)	(609,401)
Total income and expense for the period	-	-	-	(609,401)	(609,401)
Issues of ordinary shares during the half-year:					
Issue of share capital	679,296	-	-	-	679,296
Transaction costs associated with issued share capital	(56,167)	-	-	-	(56,167)
Balance at 31 December 2013	19,948,857	-	514,228	(19,375,045)	1,088,040
Balance at 1 July 2014	19,942,856	-	514,228	(18,988,320)	1,468,764
Loss for the half-year	-	-	-	(884,565)	(884,565)
Total income and expense for the period	-	-	-	(884,565)	(884,565)
Issues of ordinary shares during the half-year:					
Issue of share capital	-	-	-	-	-
Transaction costs associated with share capital	(3,263)	-	-	-	(3,263)
Balance at 31 December 2014	19,939,593	-	514,228	(19,872,885)	580,936

The accompanying notes form part of these financial statements.



XTEK LIMITED ABN 90 103 629 107
APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

1. Summary of Significant Accounting Policies

a. Basis of Preparation

These general purpose interim financial statements for the half-year reporting period 31 December 2014 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards AASB134: *Interim Financial Reporting*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of XTEK Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2014, together with public announcements made during the following half-year.

These interim statements were authorised for issue on 27 February 2015.

b. Going Concern Basis of Accounting

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.

The Company has incurred a loss of \$884,565 for the half-year ended 31 December 2014 (full year ended 30 June 2014: loss of \$222,676 and half-year ended 31 December 2013: loss of \$609,401). Accumulated losses to 31 December 2014 total \$19,872,885 (accumulated losses to 30 June 2014 of 18,998,320 and accumulated losses to 31 December 2013 total \$19,375,047). The balance of cash and cash equivalents was \$142,166 as at 31 December 2014 (as at 30 June 2014: \$649,773 and as at 31 December 2013: \$1,248,092).

The ability of the Company to continue as a going concern is dependent on:

- i. the ability to meet projected revenue levels;
- ii. timing of cash receipts;
- iii. retention of overheads at budgeted levels.

The Directors have reviewed the Company's financial position and cash flow forecasts for the next twelve months, which show that the Company 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 belief that the Company will meet projected revenue from its Agency and product development businesses, and that the Company will be able to maintain overheads at budgeted levels.

Should the Company not achieve the matters set out above, there is uncertainty whether the Company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments to assets and liabilities that may be necessary if the Company is unable to continue as a going concern.



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APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014 (continued)

1. Summary of significant accounting policies (continued)

c. Accounting Policies

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, subject to the following changes:

Derivative financial instruments

The Company 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.

2. Revenue, Other Income and Expenses

	Half-year Ended 31 December 2014 \$	Half-year Ended 31 December 2013 \$
a. Revenue from Continuing Operations		
Sales revenue	1,079,946	1,174,194
Revenue from repairs	463,980	290,409
Revenue from services	25,820	29,930
	1,569,746	1,494,533
b. Other Income		
Rental income	-	1,795
Interest	3,494	4,219
R&D tax incentive (refer Note 4a)	680	27,519
Grant income	61,233	11,906
Other	16,178	1,355
	81,585	46,794
c. Expenses		
i. Employee Benefits		
Salaries and wages	734,249	689,568
Superannuation	91,670	78,407
Redundancy payments	20,342	-
Payroll tax	26,842	18,723
Workers compensation	10,947	10,462
Total employee benefits	884,050	797,160



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FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014 (continued)

2. Revenue, Other Income and Expenses (continued)
c. Expenses (continued)

	Half-year Ended 31 December 2014 \$	Half-year Ended 31 December 2013 \$
ii. Depreciation		
Plant and equipment	20,177	9,941
Motor vehicles	2,880	665
Office furniture and equipment	11,956	7,826
Computer software	4,633	8,458
Demonstration equipment	11,443	22,543
Leasehold property improvements	2,305	4,157
XTclave	-	23,674
Total depreciation	53,394	77,264
iii. Operational expenditure		
Accounting and audit fees	31,063	31,212
Advertising and conferences	60,877	27,789
Consultancy fees	67,495	32,527
Directors fees	62,770	61,290
Insurance	52,388	52,675
FBT	5,639	5,895
Office administrative costs	220,638	218,935
Lease charges	9,760	27,120
Share registry fees	25,385	16,520
Travel and entertainment	50,547	52,649
Workshop / project expenses	23,532	14,276
Net foreign currency losses	18,934	13,132
Other expenses	38,926	29,283
Total operational expenditure	667,954	583,303
iv. Finance costs		
Interest	3,688	17,551
Finance charges	-	23,900
Total finance costs	3,688	41,451

3. Operating Segments

Identification of reportable segments

The Company 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.

The Company 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.



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APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014 (continued)

3. Operating Segments (continued)

Reportable Segment

The homeland security agency business remains XTEK's major reportable segment and includes the supply of homeland security equipment and services to predominantly government customers in the Australasian region. The CEO reviews internal management reports for the strategic business unit on a monthly basis.

i. Revenue by geographical region

Revenue attributable to external customers is disclosed below, based on the location of the external customer.

	Half-year Ended 31 December 2014 \$	Half-year Ended 31 December 2013 \$
Australia	995,695	910,918
New Zealand	5,592	109,256
United States of America	568,459	473,449
Other	-	910
Total revenue	1,569,746	1,494,533

ii. 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 2014, account for 55% of external revenue (half-year ended 31 December 2013: 51%). The next most significant client for the half-year ended 31 December 2014 accounts for 36% of external revenue and relates to the US CTO Funding (half-year ended 31 December 2013: 22%).

4. Government Grants

a. AusIndustries R&D Tax Incentive

Funds of \$242,178 were received from AusIndustry's R&D Tax Incentive Regime and related to R&D expenses for financial year 2014. There were no unfulfilled conditions or contingencies attached to this grant at the reporting date. Of the \$242,178 received, \$238,777 was recognised as income in financial year 2014, \$680 was recognised during the half-year ended 31 December 2014 and the balance of \$3,401 remains in deferred income.

b. Other Grants

Income was recognised and funds were received to the value of \$57,233 from the Austrades Export Marketing and Development Grant in financial year 2014 and \$4,000 from Defence's Skilling Australia Defence Industry.

5. Share Based Payments

a. Expired Options and Share Performance Rights

There were no options or share performance rights exercisable at the end of the half-year or any prior year. As at 31 December 2014 there were no unissued shares.

b. Weighted Average Share Price

The weighted average market price at 31 December 2014 was 32 cents.



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APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014 (continued)

6. Net Tangible Assets Per Share

	31 December 2014	31 December 2013
Net tangible asset per share - \$	0.026	0.054
Number of ordinary shares on issue used in the calculation of net tangible assets per share - number	20,127,233	20,127,233

The net tangible assets per share for 31 December 2013 have been restated for the one for ten share consolidation. Refer to Note 7b of the half-year financial report for further details regarding the share consolidation undertaken by the Company during the financial period.

In accordance with Chapter 19 of the ASX listing rules, net tangible assets per share represent total assets less intangible assets less liabilities ranking ahead of, or equally with, ordinary share capital, divided by the number of ordinary shares on issue at the financial period end.

7. Issued Capital

a. Share Capital

Movement in Issued Capital	\$
At 1 July 2014	19,942,856
Shares issued	-
Transaction cost on share conversion	(3,263)
	<u>19,939,593</u>

b. Share Consolidation

XTEK Limited completed a one for ten share consolidation in December 2014 following approval by shareholders in November 2014. The share consolidation involved the conversion of every ten fully paid ordinary shares on issue into one fully paid ordinary share. Where the share consolidation resulted in a shareholder having a fractional entitlement to a share, the entitlement was rounded up to the next whole number of shares. Upon the completion of the share consolidation in December 2014, the number of XTEK Limited shares on issue reduced from 201,271,652 shares to 20,127,233 shares as at that date. The cost associated with the share consolidation was \$3,263.

c. Ordinary Shares

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

8. Contingent Liabilities

There are no contingent liabilities at 31 December 2014.

No changes have been reported in contingent liabilities since the last annual reporting date.

9. Events Occurring After the Balance Sheet Date

In February 2015, an unsecured loan facility of \$250,000 was made available to the Company by a related party (UDB Pty Ltd) for a four month period with an interest rate of 14.5%. This loan facility is to fund any short term cash flow deficit due to the unforeseen supplier delays and has been structured to allow for partial or full draw down by the Company during the term of the loan. In February 2015, \$50,000 of this loan was drawn upon.



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FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of XTEK Limited, the directors' of the Company declare that:

1. The financial statements and notes set out on pages 6 to 14, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial reporting; and
 - b. giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the half-year 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.

Signed



Printed Name: Uwe Boettcher (Chairman)

Date: 27 February 2015





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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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of XTEK LIMITED, which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the 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 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of XTEK LIMITED, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of XTEK LIMITED, would be in the same terms if given to the directors as at the time of this auditor's report.





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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

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 is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Hardwicks

Hardwicks
Chartered Accountants

R Johnson

Robert Johnson
Partner

Canberra
27 February 2015

