



XTD Limited
ACN 147 799 951

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2016

TABLE OF CONTENTS

Corporate Information	1
Directors' Report	2
Auditor's Independence Declaration	6
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Notes to the Consolidated Financial Statements	11
Directors' Declaration	19
Independent Auditor's Review Report	20

CORPORATE INFORMATION

Directors & Officers

Mr Frank Hurley – Non-Executive Chairman
Mr Stuart Richardson – Non-Executive Director
Mr Quentin Gracanin – Non-Executive Director
Mr Joe Copley – Non-Executive Director
Mr Steve Wildisen – Chief Executive Officer

Company Secretary

Mr Matthew Foy

Registered Office

Unit 5 Ground Floor
1 Centro Avenue
Subiaco WA 6008

PO Box 510

Subiaco WA 6904

T: +61 (08) 9486 4036

F: +61 (08) 9486 4799

Stock Exchange

Australian Securities Exchange Limited (ASX)
Home Exchange – Perth
ASX Code – XTD

Australian Company Number

ACN 147 799 951

Australian Business Number

ABN 43 147 799 951

Website

www.xtd.tv

Bankers

National Australia Bank
Level 1, 1238 Hay Street
West Perth WA 6005

Auditors

PKF Mack
Level 4, 35 Havelock Street
West Perth WA 6005

Share Registry

Securities Transfers Registrars
770 Canning Highway
Applecross WA 6153

T: +61 (08) 9315 2333

F: +61 (08) 9315 2233

Domicile and Country of Incorporation

Australia

Solicitors

GTP Legal
Level 1, 28 Ord St
West Perth WA 6005 Australia

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of XTD Limited (**XTD** or the **Company**) and the entities it controls at the end of, or during, the half-year ended 31 December 2016 (the **Period**).

DIRECTORS

The Directors and Company Secretary of the Company at any time during or since the end of the half-year period are as follows.

Mr Frank Hurley – Non-Executive Chairman

Mr Stuart Richardson – Non-Executive Director

Mr Quentin Gracanin – Non-Executive Director (Appointed 8 December 2016)

Mr Joe Copley - Non-Executive Director (Appointed 8 December 2016)

Mr Mark Niutta – Non-Executive Director (resigned 31 December 2016)

Mr John Toll – Non-Executive Director (resigned 31 December 2016)

OPERATING RESULT

The loss from operations of the consolidated entity for the half year ended 31 December 2016 after providing for income tax was \$844,638 (2015: \$1,867,769).

Additional information on the operations and financial position of the Group and its business strategies and prospects is set out in this directors' report and the interim financial report.

REVIEW OF OPERATIONS

During the Period, XTD continued its focus as a provider to the growing Out-of-Home Advertising (**OOH Advertising**) sector, owning and operating the world's first, designed for rail, cross-track digital video system that uses billboard-size LED television screens coupled to high definition sound to broadcast all forms of content to metro train commuters.

The Company has a seven-year contract with Queensland Rail for the installation and operation of the XTD system in four of Brisbane's busiest metro rail stations. Passenger traffic on Queensland Rail City Services has now reached 55 million customers annually, fuelled by strong population growth in South East Queensland and an increasing trend toward using public transport.

The Company is also operating 32 XTD screens across three underground rail stations in Melbourne as part of a separate seven-year contract with Metro Trains Melbourne Pty Ltd.

Through its proprietary cross-track digital system, XTD has designed a solution which gives the advertising market a medium to provide digital advertising to rail commuters from a cross-track location whilst they await their train. To date, cross-track advertising within train stations globally has largely been accomplished via static media posters which are expensive to print and mount, difficult to maintain / change (by virtue of their location) and losing appeal in a market becoming increasingly dominated by digital alternatives. XTD's cross-track system provides a very successful medium for advertisers and content providers given the dwell time a rail commuter typically spends in front of XTD's screens.

The key attributes of the XTD system include:

- Custom engineered large format digital LED screens with stereo sound to display TV commercials.
- Wirelessly coupled to a proprietary XTD train approaching system.
- Dynamic content management system software which enables adverts to be changed wirelessly at any time.
- Meets OHS and regulatory requirements to satisfy both government and rail operator requirements as evidenced by completion of successful 6 month trials in both Melbourne and Queensland.
- Offers a server platform to install phase two of the XTD package – Contact Light Pty Ltd (**Contact Light**).

XTD System Trial for India

During the period XTD advised it had signed a binding term sheet for the trial of the XTD system at a location within the New Delhi, India, metro rail network.

XTD and TDI International India (P) Limited (**TDI**) have signed the binding term sheet, effective from Tuesday, 6 September, which is an initial step towards a long-term partnership between the two companies. TDI is one of the largest outdoor media companies in India. Established in 1986, it is primarily engaged in transit and airport advertising and has exclusive advertising rights to 100 of the Delhi Metro's 160 rail stations.

Installing a test of the XTD system in one of New Delhi's metro rail stations will allow TDI to fully assess the functionality and capabilities of the XTD media system. XTD will be responsible for the supply and install of its cross-track system for the six-month trial, with the equipment being used in a network rollout if the trial is successful. TDI will be responsible for securing advertisers to use the system during the trial period, with all commercial receipts split 50/50 between the two parties.

Four screens will be installed for the six-month trial starting in April 2017 that will showcase the functionality and capabilities of the media system in partnership with TDI and Delhi Metro Rail Corporation. At the conclusion of the trial XTD expects to expand its system to other locations in the Delhi Metro Rail network.

Delhi's metro rail network is the world's 12th largest and India's most modern rail transit system. It has been certified by the United Nations as the first metro rail and rail-based system in the world to get carbon credits for reducing greenhouse gas emissions. Delhi Metro alone carries a daily total of three million passengers, as against Australia's national daily rail commuter total of 1.8 million. See a concise summary of Delhi Metro Rail Corporation at delhimetrorail.com/about_us.aspx



During the Period the Company's majority owned subsidiary, Contact Light continued to grow the user base of its EMBARK technology internationally and was nominated by Apple as a "New App We Love". EMBARK is a smartphone app with approximately 110,000 unique users that allows commuters to plan their journeys across all forms of public transport, read the most in-demand editorial content from a variety of news sources. EMBARK will shortly launch interaction with content on a network of digital out of home screens installed by XTD in busy commuter rail networks. Contact Light has recently completed a successful trial of EMBARK in the Brisbane network combining an advertiser supplied by APN Outdoor via XTD screens and interaction with the EMBARK app. The interactions could be information or entertainment based, as well as e-commerce.

EMBARK is a comprehensive mobile-technology solution that allows people to navigate from their current location to any destinations serviced by all forms of public transport including trains, buses, ferries, trams and light rail.

Contact Light is deploying EMBARK (<http://getembark.io>) as part of an international release of the new platform. The app is now available for use in all major Australian cities as well as in more than 60 cities in 14 countries worldwide.

Contact Light CEO Mike Boyd said, “EMBARK’s capabilities are such that it is fully functional in all Australian capital cities and major regional centres with public transport infrastructure. People who take the free download from the Apple App Store can also use EMBARK in major cities in countries like the USA, UK, Canada, Germany, Spain, New Zealand, Mexico and France.

“With such extensive deployment of EMBARK now underway, Contact Light is now exploring commercial partnerships with major marketers who are reaching for new channels to connect with their mobile populations,” said Boyd.

The free EMBARK app was also made available for the Vivid Sydney festival offering users complete guidance to public transport availability and every Vivid Sydney installation to visit. People attending Vivid Sydney and using EMBARK on their mobile devices had instant access to the best public transport options to and from any point in Sydney, as well as navigating to prominent points of interest within and around the Vivid Sydney precincts.

CORPORATE

During the Period the Company announced the appointment of Quentin Gracanin and Joe Copley to the company’s Board of Directors.

Quentin Gracanin is Group Chief Executive Officer of retail and property enterprise Spotlight Retail Group which owns and operates Spotlight Stores and outdoor Adventure chain Anaconda. The group has more than 7,000 employees working in 170 locations across Australia, New Zealand, Malaysia and Singapore. He has a 30-year career in business planning and management and has worked with emerging markets including India and in South East Asia for the past 25 years.

Joe Copley has a proven record in leadership roles in the Australian media industry. He is formerly the founding managing director of Posterscope in Australia, having launched and established the business in what is now a leading market for the world’s largest out-of-home specialist agency network.

With the appointments of Joe Copley and Quentin Gracanin to the XTD Board, two of XTD’s founding directors, John Toll and Mark Niutta, retired from the Board effective 31 December 2016. “We sincerely thank both Mark and John for their contributions to the business through its launch, IPO and subsequent development,” said Frank Hurley.

At the end of the Period the Company had 132,986,077 ordinary shares and the following classes of Performance Shares on issue:

- i. 4,500,013 Class C Performance Shares; and
- ii. 15,000,037 Class D Performance Shares.

Subsequent Events

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect:

- (i) the Group's operations in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the Group's state of affairs in future financial years.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company and its controlled entities during the financial half-year period.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

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

A handwritten signature in black ink, appearing to read 'SRW', with a large loop at the end.

Stuart Richardson
Non-Executive Director
Perth, Western Australia

22 February 2017

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF XTD LIMITED

In relation to our review of the financial report of XTD Limited for the half year ended 31 December 2016, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Mack

PKF MACK

Simon Fermanis

SIMON FERMANIS
PARTNER

22 FEBRUARY 2017
WEST PERTH
WESTERN AUSTRALIA

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	December 2016 \$	December 2015 \$
Revenue from continuing operations	2,151,320	1,817,620
Other expenses	(177,001)	(260,712)
Advertising and marketing fees	(252,381)	(23,907)
Amortisation of intangibles	(62,235)	(62,235)
Commission expenses	(522,039)	(605,234)
Consulting and advisory fees	(197,724)	(159,581)
Corporate compliance	(43,655)	(54,976)
Depreciation	(421,440)	(577,611)
Directors fees	3 (289,817)	(609,517)
Insurance expenses	(17,904)	(18,587)
Personnel expenses	3 (729,072)	(1,030,851)
Professional fees	(177,568)	(130,891)
Travelling expenses	(123,792)	(169,957)
Loss from continuing operations before income tax	(863,308)	(1,886,439)
Income tax benefit	18,670	18,670
Loss from continuing operations after income tax	(844,638)	(1,867,769)
Other comprehensive loss for the period, net of tax	-	-
Total comprehensive loss for the period	(844,638)	(1,867,769)
Loss for the period is attributable to:		
Owners of the company	(636,001)	(1,818,533)
Non-controlling interests	(208,637)	(49,236)
	(844,638)	(1,867,769)
Total comprehensive loss for the period attributable to:		
Owners of the company	(636,001)	(1,818,533)
Non-controlling interests	(208,637)	(49,236)
	(844,638)	(1,867,769)
Loss per share from continuing operations attributable to the ordinary equity holders of the company:	Cents	Cents
Basic loss per share	(0.47)	(1.43)
Diluted loss per share	(0.47)	(1.43)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2016 \$	30 June 2016 \$
Current Assets			
Cash and cash equivalents		2,179,783	2,208,980
Trade and other receivables		260,083	247,117
Total Current Assets		2,439,866	2,456,097
Non-Current Assets			
Plant and equipment	4	2,638,669	2,850,447
Intangibles	5	560,110	622,345
Total Non-Current Assets		3,198,779	3,472,792
TOTAL ASSETS		5,638,645	5,928,889
Current Liabilities			
Trade and other payables		720,794	571,856
Provisions		59,666	54,745
Total Current Liabilities		780,460	626,601
Non-Current Liabilities			
Deferred tax liability		168,035	186,705
Total Non-Current Liabilities		168,035	186,705
TOTAL LIABILITIES		948,495	813,306
NET ASSETS		4,690,150	5,115,583
EQUITY			
Contributed equity	6	15,891,009	15,891,009
Share-based payment reserve		1,832,084	1,412,879
Accumulated losses		(12,370,653)	(11,734,652)
Capital and reserves attributable to owners of the company		5,352,440	5,569,236
Non-controlling interests	8	(662,290)	(453,653)
TOTAL EQUITY		4,690,150	5,115,583

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Share-based Payment Reserve	Accumulated Losses	Total	Non- controlling interests	Total Equity
	\$	\$	\$			\$
As at 1 July 2016	15,891,009	1,412,879	(11,734,652)	5,569,236	(453,653)	5,115,583
Loss for period	-	-	(636,001)	(636,001)	(208,637)	(844,638)
Total comprehensive loss for the period	-	-	(636,001)	(636,001)	(208,637)	(844,638)
Transactions with owners in their capacity as owners:						
Share-based payment – performance shares	-	419,205	-	419,205	-	419,205
As at 31 December 2016	15,891,009	1,832,084	(12,370,653)	5,352,440	(662,290)	4,690,150

	Issued Capital	Share-based Payment Reserve	Accumulated Losses	Total	Non-controlling interests	Total Equity
	\$	\$	\$			\$
As at 1 July 2015	14,091,003	1,617,539	(10,830,125)	4,878,417	-	4,878,417
Loss for period	-	-	(1,818,533)	(1,818,533)	(49,236)	(1,867,769)
Total comprehensive loss for the period	-	-	(1,818,533)	(1,818,533)	(49,236)	(1,867,769)
Transactions with owners in their capacity as owners:						
Issue of share capital	-	-	-	-	-	-
Disposal of shares in subsidiary	-	-	1,487,047	1,487,047	(117,047)	1,370,000
Share-based payment – performance shares	900,003	208,356	-	1,108,359	-	1,108,359
As at 31 December 2015	14,991,006	1,825,895	(11,161,611)	5,655,290	(166,283)	5,489,007

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	December 2016 \$	December 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(2,030,581)	(1,463,745)
Interest received	3,509	4,274
Receipts from customers	1,770,376	1,670,148
Research and development grant	354,469	-
Net cash outflow from operating activities	97,773	210,677
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant & equipment	(209,662)	(419,692)
Proceeds from part disposal of controlled entity	60,000	965,000
Net cash outflow from investing activities	(149,662)	545,308
Net increase/(decrease) in cash and cash equivalents	(51,889)	755,985
Exchange rate adjustments	22,692	-
Cash and cash equivalents at the beginning of the period	2,208,980	955,929
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,179,783	1,711,914

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This consolidated interim financial report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by XTD Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The half-year report does not include full disclosures of the type normally included in an annual financial report. For the purposes of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

The same accounting policies and methods have been consistently applied by the Consolidated Group in these half-year financial statements as compared with the most recent annual financial statements.

a) Intangible assets (contract rights)

Contact rights have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. The Melbourne contract is noted to have a life of 7 years.

b) Principles of consolidation

(i) Subsidiaries

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively

c) Adoption of new and revised accounting standards

In the half year ended 31 December 2016, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016. It has been determined by the Company that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Company accounting policies. No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

2. SEGMENT INFORMATION

Identification of reportable operating segments

The group is organised into two operating segments: cross-track digital advertising (XTD Ltd), and mobile phone app development (Contact Light Pty Ltd). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors of each entity (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The information reported to the CODM is on at least a monthly basis.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

2. SEGMENT INFORMATION (continued)

31 December 2016	XTD Ltd \$	Contact Light Pty Ltd \$	Total \$
Income	1,795,919	355,401	2,151,320
Commission expenses (rail operator)	(522,039)	-	(522,039)
Expenses	(806,456)	(783,253)	(1,589,709)
Operating profit/(loss)	467,424	(427,852)	39,572
Other significant items:			
Share based payments expense	(419,205)	-	(419,205)
Depreciation	(414,631)	(6,809)	(421,440)
Amortisation of intangibles	(62,235)	-	(62,235)
Income tax benefit	18,670	-	18,670
Net loss after tax	(409,977)	(434,661)	(844,638)

Assets	XTD Ltd \$	Contact Light Pty Ltd \$	Total \$
Cash & cash equivalents	2,109,009	70,774	2,179,783
Other receivables	216,056	44,027	260,083
Plant and Equipment	2,627,048	11,621	2,638,669
Intangibles	560,110	-	560,110
	5,512,223	126,442	5,638,645

Liabilities			
Other payables	496,451	224,343	720,794
Provisions	19,385	40,281	59,666
Deferred tax liability	168,035	-	168,035
	683,871	264,624	948,495

There was only one operating segment during the 31 December 2016 period.

2. SEGMENT INFORMATION (continued)

31 December 2015	XTD Ltd \$	Contact Light Pty Ltd \$	Total \$
Income	1,816,649	971	1,817,620
Commission expenses (rail operator)	(605,234)	-	(605,234)
Expenses	(926,776)	(423,844)	(1,350,620)
Operating profit/(loss)	284,639	(422,873)	(138,234)
Other significant items:			
Share based payments expense	(1,108,359)	-	(1,108,359)
Depreciation	(566,462)	(11,149)	(577,611)
Amortisation of intangibles	(62,235)	-	(62,235)
Income tax benefit	18,670	-	18,670
Net loss after tax	(1,433,747)	(434,022)	(1,867,769)
30 June 2016	XTD Ltd \$	Contact Light Pty Ltd \$	Total \$
Assets			
Cash & cash equivalents	1,786,074	422,906	2,208,980
Other receivables	236,417	10,700	247,117
Plant and Equipment	2,834,206	16,241	2,850,447
Intangibles	622,354	-	622,345
	5,479,042	449,847	5,928,889
Liabilities			
Other payables	452,144	119,712	571,856
Provisions	20,769	33,976	54,745
Deferred tax liability	186,705	-	186,705
	659,618	153,688	813,306

	December 2016	December 2015
3. EXPENSES		\$
Directors Fees		
Directors fees	84,872	79,000
Directors consultancy fees	-	3,200
Share based payment expense	204,945	527,317
	<u>289,817</u>	<u>609,517</u>
Personnel expenses		
Wages and salaries	471,352	414,035
Superannuation	43,460	35,774
Share based payment expense	214,260	581,042
	<u>729,072</u>	<u>1,030,851</u>

	31 December 2016	30 June 2016
4. PLANT AND EQUIPMENT	\$	\$
Carrying amount of plant and equipment	2,638,669	2,850,447
Reconciliation:		
Balance at the beginning of the period	2,850,447	3,772,244
Additions	209,662	240,852
Depreciation expense	(421,440)	(1,162,649)
Balance at the end of the period	<u>2,638,669</u>	<u>2,850,447</u>

5. INTANGIBLES		
Contract rights	871,285	871,285
Less: Amortisation	(311,175)	(248,940)
	<u>560,110</u>	<u>622,345</u>

6. CONTRIBUTED EQUITY

(a) Share Capital

	December 2016 Shares	June 2016 Shares	December 2016 \$	June 2016 \$
Fully paid	132,986,077	132,986,077	15,891,009	15,891,009

(b) Movements in ordinary share capital:

Period ended 31 December 2016

Date	Details	Number of shares	Issue price	\$
01/07/165	Opening balance	132,986,077		15,891,009
31/12/16	Balance at end of period	132,986,077		15,891,009

Period ended 30 June 2016

Date	Details	Number of shares	Issue price	\$
01/01/165	Opening balance	128,486,064		14,991,006
25/02/16	Share-based payment – Performance shares	4,500,013	\$0.20	900,003
30/06/16	Balance at end of period	132,986,077		15,891,009

7. SHARE BASED PAYMENTS

As part of the Lunalite acquisition on 19 December 2014, XTD Ltd issued 28,500,076 performance shares to management personnel, the Chairman and a non-executive director. These performance shares were issued in four classes, each with different performance milestones. Each performance share will convert into 1 ordinary share of XTD Ltd upon achievement of the performance milestone.

The company has assessed each class as being probable of being achieved and have therefore recognised an expense over the expected vesting period. Class A and Class B Performance milestones were achieved during the 2016 financial year. Accordingly, the full expense was recognised for 30 June 2016. The details of each class are tabled below:

Class	Number	Start Date	Exercise Price	Expiry Date of Milestone Achievements	Underlying Share Price	Total Fair Value
A	4,500,013	19/12/14	Nil	19/12/16	\$0.20	\$900,003
B	4,500,013	19/12/14	Nil	19/12/16	\$0.20	\$900,003
C	4,500,013	19/12/14	Nil	19/12/17	\$0.20	\$900,003
D	15,000,037	19/12/14	Nil	19/12/19	\$0.20	\$3,000,007

Performance Milestones:

- A. First revenue to Lunalite from Queensland Contract. This milestone has been met.
- B. Security mobile application being developed and either being adopted by one rail operator, or achieving a minimum of 200,000 subscribers. This milestone has been met.
- C. Lunalite generating total revenue of at least \$5 million in any 12 month period. This milestone expires three years from completion of the acquisition (19 December 2017).
- D. Lunalite being awarded an offshore XTD contract of at least 40 screens and that contract being successfully installed and generating revenue to Lunalite. This milestone expires five years from completion of the acquisition (19 December 2019).

The total expense arising from share based payment transactions recognised during the period in relation to the performance shares issued amounts to \$419,205 (2015: \$1,108,359).

8. NON-CONTROLLING INTERESTS

	December 2016 \$	June 2016 \$
Interest in:		
Fair value of net assets acquired by the minority	(111,382)	(111,382)
Share of the loss carried forward	(342,271)	-
Share of the loss for the current period	(208,637)	(342,271)
	<u>(662,290)</u>	<u>(453,653)</u>

A subsidiary of the group, Contact Light Pty Ltd (Contact Light), has raised funds via private placements to unrelated parties in prior periods. Contact Light raised previously raised a total of \$1,500,000 in three tranches, with \$545,000 raised on 31 October 2015, \$825,000 raised on 31 December 2015 and \$130,000 raised on 30 June 2016. As a result, XTD's ownership of Contact Light has been diluted to 52.00% at reporting date. The non-controlling interest's share of the net operating loss of Contact Light Pty Ltd between 1 November 2015 and 31 December 2016 is \$550,908. The fair value of net liabilities acquired by the minority totals \$111,382 and the excess paid by the minority for the issued shares totalling \$1,611,382 was transferred to accumulated losses attributable to the owners of XTD Ltd.

9. DIVIDENDS

No dividends have been declared or paid since the start of the financial period and none are recommended.

10. COMMITMENTS & CONTINGENCIES

There are no new commitments, other than those that existed as at 31 December 2016 that the Company has entered into during the period under review.

11. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect:

- (i) the Group's operations in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 7 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- (b) There are reasonable grounds to believe that XTD Limited will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'SRW' with a stylized flourish at the end.

Stuart Richardson
Non-Executive Director
Perth, Western Australia
22 February 2017

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF XTD LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of XTD Limited (the Company) and controlled entities (consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at 31 December 2016, or during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of XTD Limited and the entities it controlled during the half year, 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. In accordance with the Corporations Act 2001, we have given the directors' of the company a written Auditor's Independence Declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of XTD Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

PKF Mack

PKF MACK

Simon Fermanis

SIMON FERMANIS
PARTNER

22 FEBRUARY 2017
WEST PERTH
WESTERN AUSTRALIA