



ABN 43 147 799 951

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2016

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Directors

Mr Frank Hurley – Non-Executive Chairman
Mr John Toll – Non-Executive Director
Mr Stuart Richardson – Non-Executive Director
Mr Mark Niutta – Non-Executive Director

Chief Executive Officer

Mr Steven Wildisen

Company Secretary

Mr Matthew Foy

Registered Office

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Stock Exchange

Australian Securities Exchange Limited (ASX)
Home Exchange – Perth
Ticker: XTD

Australian Company Number

ACN 147 799 951

Australian Business Number

ABN 43 147 799 951

Auditors

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

Solicitors

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

Bankers

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Share Registry

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Domicile and Country of Incorporation

Australia

The Directors submit their report on the consolidated entity (referred to hereafter as the **Group**) consisting of XTD Limited (the **Company, XTD**) and the entities it controlled for the year ended 30 June 2016.

1. DIRECTORS AND COMPANY SECRETARY

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Mr Stuart Richardson - Non-Executive Director

Mr Richardson has experience in capital markets in both Australia and overseas in the field of stockbroking and investment banking. He is a founding director of Blackwood Capital Limited, an Australian based investment bank operating in capital markets, advisory services and funds management in equities and private equity funds. He holds a Bachelor of Business from the Swinburne University of Technology, Melbourne, Australia, and is a CPA.

Mr Richardson is currently a Non-Executive Director of Abundant Produce Limited. In the last three years Mr Richardson was a director of UnderCoverWear Limited (resigned 4 November 2014).

Frank Hurley - Non-Executive Chairman

Mr Hurley is currently the Chief Executive Officer of Wrays Pty Ltd and Managing Director of Wrays Lawyers. Wrays specialise in protection of intellectual property in Western Australia. Mr Hurley is also a Board member of Focus Mobile Media and Discovery Capital and was previously responsible for international and national business development for one of Australia's largest law firms. Mr Hurley has consulted to a number of industries including, mining, aviation, banking and law. Mr Hurley has also lectured at MBA level in a number of universities in Western Australia.

Mr Hurley is not currently a director of any other listed company. In the last three years Mr Hurley has not held any other directorships.

Mark Niutta - Non-Executive Director

Mr Niutta has been involved in stockbroking since working for the Perth Stock Exchange (now ASX) in 1986. He was previously an authorised representative specialising in capital raisings and giving advice to retail clients involving the purchase and sale of listed equities. Mr Niutta spent 13 years with Morgan Stockbroking Perth (Now RBS Morgans).

Mr Niutta is not currently a director of any other listed company. In the last three years Mr Niutta has not held any other directorships.

John Toll - Non-Executive Director

Mr Toll is a Director of Azure Capital Ltd, a boutique advisory firm based in Perth, Western Australia. Prior to joining Azure Capital Ltd, Mr Toll spent over two years working for a UK-based investment bank offering equity capital markets and advisory services to an international client base. With a particular focus on the natural resources sector, he advised clients in Europe, Africa, South America and Asia. He has experience in mergers and acquisitions, capital raisings and IPOs. Mr Toll started his career within the assurance and advisory division of KPMG in Perth.

Mr Toll graduated from the University of Western Australia in 2000 with a Bachelor of Commerce majoring in Accounting and Finance. Mr Toll also completed the Institute of Chartered Accountants CA Program and a Graduate Diploma in Applied Finance.

Mr Toll is not currently a director of any other listed company. In the last three years Mr Toll has not held any other directorships.

Mr Matthew Foy, Company Secretary
BCom, GradDipAppFin, GradDipACG, SAFin, AGIA, ACIS

Mr Foy, previously a Senior Adviser at the ASX has five years' experience in facilitating the compliance of listed companies. Mr Foy is a member of Governance Institute of Australia, has a Graduate Diploma (Applied Finance) from FINSIA and a B.Com from the University of Western Australia. Mr Foy is Company Secretary to several ASX listed companies.

2. DIRECTORS' SHAREHOLDINGS

The following table sets out each current Director's relevant interest in shares and rights or options to acquire shares of the Company or a related body corporate as at the date of this report.

	Fully Paid Ordinary Shares	Performance Shares
Mr Frank Hurley	6,136,835	4,800,012
Mr Stuart Richardson	2,072,598	-
Mr Mark Niutta	6,880,518	4,800,012
Mr John Toll	1,645,505	-
	<u>16,735,456</u>	<u>9,600,024</u>

3. DIVIDENDS

No dividend has been paid during the year and no dividend is recommended for the year.

4. DIRECTORS' MEETINGS

The following directors' meetings (including meetings of committees of directors) were held during the year and the number of meetings attended by each of the directors during the year were:

2016	Directors' meetings eligible to attend	Directors' meetings attended
Directors		
Frank Hurley	11	11
Stuart Richardson	11	11
John Toll	11	11
Mark Niutta	11	11

For details of the function of the Board, Audit Committee and Remuneration Committee, please refer to the Corporate Governance Statement on the Company's website.

5. PRINCIPAL ACTIVITIES

XTD Limited is an Australian-based emerging service provider to the growing Out-of-Home Advertising (**OOH Advertising**) sector.

6. 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 digital 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 XTD system, Lunalite 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.

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**).

During the Period, XTD renewed its partnership with leading outdoor media provider, APN Outdoor Group Limited. The agreement means that APN Outdoor will continue to provide XTD with advertising content for the digital screen systems that are owned and operated by XTD in the Melbourne and Brisbane metro rail networks.

XTD and APN Outdoor are the Australian pioneers of digital video and sound systems for metro-rail networks. In September 2014 the companies entered into an initial agreement where APN Outdoor became the provider of advertising content for XTD's system in the Melbourne Metro Rail network, in parallel with APN Outdoor's own cross track system in the Sydney metro network.

Launch of Digital OOH Interactivity

During the Period XTD announced it was preparing to launch a new technology that provides a platform for the exchange of content and data between the Company's network of screens and people's mobile devices.

On 27 July 2015 shareholders approved the accelerated development and subsequent capital raising of its subsidiary Contact Light Pty Ltd (formerly Protecht Pty Ltd). Shareholders approved a capital raising in Contact Light of up to \$1,500,000 which will result in dilution of XTD's interest in Contact Light by up to 48% initially. Following completion of the Contact Light capital raising, Contact Light may seek to raise further capital directly, including seeking its own listing which would result in further dilution of the Company's interest.

On 27 October 2015 the Company advised that Contact Light had officially been seeded and launched with a focus on designing and marketing mobile platforms for transport environments. The Company announced the appointment of Mr Mike Boyd as CEO of Contact Light. Mr Boyd is one of Australia's most experienced digital communications developers and marketers, formerly a leading digital business executive with STW Group, previously working as co-founder and Managing Director of AppCast, and Strategy Director for Alpha Salmon – two of STW's earliest digital acquisitions.

Joining Boyd at Contact Light as director of innovation and user experience is Jamie Skella who has a 15-year career in technology strategy and experience innovation. Skella is formerly a founding member of Tatts Group's online division, working across TAB and Tatts Lottery products as creative director of user experience. He later moved to BRW's 2014 No 1 Fast Company, Kloud Solutions and most recently had filled the role of Head of User Experience at the Australian Football League (AFL).

Contact Light is focussing on digital development involving data, content, mapping, messaging, transactions and analytics, committing to both iOS and Android platforms - especially in Asia where the Android OS far exceeds iOS market share.

EDEO



On 12 January 2016 the Company advised that Contact Light had launched its first commercial enterprise; working with Curtin University in Western Australia, Contact Light released EDEO, a smartphone app enabling intra-campus transport tracking, wayfinding and a custom campus map with levels of detail not seen in Google or Apple Maps. Activating as part of the annual Orientation Week program, the new app includes extended capabilities such as meeting point sharing, live shuttle bus tracking, messaging and campus security integration. The app will be available on both Apple iOS and Google Android platforms.

Contact Light is currently in discussions with several other tertiary education institutions in Australia and abroad as they target a broad-scale roll out of the app in the 2016 student year.

Graham Arndt, Director of Operations and Maintenance at Curtin University, said deploying EDEO across the university's campus was a major step forward. "EDEO brings a new dimension to welcoming students and visitors to Curtin. It is easy for people to use and means that planning to arrive at specific points and times on campus is simple and effective," said Mr. Arndt.



During the Period, Contact Light launched its EMBARK technology internationally and was soon nominated by Apple as a "New App We Love". EMBARK is a smartphone app 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, and exclusively interact with content on a network of digital out of home screens installed by XTD in Brisbane's busy commuter rail network. The interactions could be information or entertainment based, as well as e-commerce.

EMBARC 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, "EMBARC'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.

In June 2016, 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

On 22 September 2015 the Company advised that 4,500,013 Class A Performance Shares that were issued with shareholder approval in connection with the acquisition of Lunalite International Pty Ltd had been converted into ordinary shares on a one-for-one basis pursuant to the Appendix 3B lodged with ASX on 25 August 2015.

The conversion occurred following the successful installation and first revenue to the Company from its exclusive seven-year contract with Queensland rail to operate the cross-track digital media and sound systems in Brisbane.

On 25 February 2016 the Company advised that an additional 4,500,013 Class B Performance Shares had converted into ordinary shares on a one-for-one basis. The conversion occurred following Queensland Rail's agreement to adopt and install the EMBARK technology in Brisbane's busy commuter rail network.

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.

Corporate Governance

The Board of Directors of XTD Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of XTD Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

XTD Limited's corporate governance practices were in place throughout the year ended 30 June 2016 and were compliant with the ASX Governing Council's best practice recommendations, unless otherwise stated.

Information on Corporate Governance is available on the Company's website at:

<http://xtd.tv/investor-information/>

7. FINANCIAL RESULTS

The cash and cash equivalents as at 30 June 2016 totalled \$2,208,980 (2015: \$955,929). The net asset position as at 30 June 2016 was \$5,115,583 (2015: \$4,878,417). The net loss after tax for the year attributable to the members of the Group was \$2,858,180 (2015: \$8,943,251).

8. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no significant changes in the state of affairs of the Group during the financial year, other than the above noted conversion of Class A and B performance shares.

9. EVENTS SINCE THE END OF THE FINANCIAL YEAR

No other matter or circumstance has arisen since 30 June 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.

10. LIKELY FUTURE DEVELOPMENTS, PROSPECTS AND EXPECTED RESULTS OF OPERATIONS

The Directors intend to remain focussed on operations in cross track digital media installation and service provision.

11. ENVIRONMENTAL REGULATIONS

The Group is not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board is not aware of any breach of environmental requirements as they apply to the Group.

12. GREENHOUSE GAS AND ENERGY DATA REPORTING REQUIREMENTS

The Group is cognisant of the reporting requirements under the Energy Efficiencies Opportunity Act 2006 or the National Greenhouse Energy Efficient Reporting Act 2007, and believes it has adequate processes in place to ensure compliance with these Acts.

13. REMUNERATION REPORT (Audited)

The remuneration report is set out under the following main headings:

- A Remuneration Governance
- B Remuneration Structure
- C Details of Remuneration
- D Share-based compensation
- E Equity instruments issued on exercise of remuneration options
- F Value of options to Directors
- G Equity instruments disclosures relating to key management personnel
- H Other transactions with key management personnel
- I Additional statutory information

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001. The remuneration arrangements detailed in this report are for the key management personnel of the Group as follows:

Mr Francis Hurley – Non-Executive Chairman
Mr Mark Niutta – Non-Executive Director
Mr Stuart Richardson – Non-Executive Director
Mr John Toll – Non-Executive Director
Mr Steven Wildisen – Chief Executive Officer

Use of remuneration consultants

The Company did not employ services of consultants to review its existing remuneration policies.

Voting and comments made at the Company's 2015 Annual General Meeting

The Company received 100% of "yes" proxy votes on its remuneration report for the 2014 financial year, inclusive of discretionary proxy votes. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

A Remuneration Governance

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Group and Executives of the Group. The performance of the Group depends upon the quality of its key management personnel. To prosper the Group must attract, motivate and retain appropriately skilled directors and executives.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Group does not engage the services of any remuneration consultants.

B Remuneration Structure

Non-Executive remuneration arrangements

The remuneration of Non-Executive Directors (**NED**) consists of Directors' fees, payable in arrears. They serve on a month to month basis and there are no termination benefits payable. They do not receive retirement benefits but are able to participate in share option based incentive programmes in accordance with Group policy.

Directors are paid consulting fees on time spent on Group business, including reasonable expenses incurred by them on business of the Group, details of which are contained in the Remuneration Table disclosed in Section C of this Report. Remuneration of Non-Executive Directors are based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors.

The Group has provided variable remuneration incentive schemes to certain Non-Executive Directors associated with the acquisition of Lunalite as detailed in Note 27.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which will be periodically recommended for approval by shareholders. The maximum currently stands at \$250,000 per annum as per the Group's constitution and may be varied by ordinary resolution of the shareholders in general meeting.

C Details of Remuneration

The key management personnel ("KMP") of the Group are the Directors and management of XTD Limited detailed in the table below. Details of the remuneration of the Directors of the Group are set out below:

	Short-term benefits			Post-employment benefits	Share-based payment	Total \$	Percentage remuneration consisting of performance shares for the year
	Salary & fees \$	Cash bonus \$	Annual and Long Service Leave \$	Superannuation \$	Performance shares \$		
30/06/2016							
Directors							
Mr Hurley	50,000	-	-	-	382,275	432,275	88%
Mr Niutta	45,200	-	-	-	382,275	427,475	89%
Mr Richardson	36,000	-	-	-	-	36,000	0%
Mr Toll	36,000	-	-	-	-	36,000	0%
Other KMP							
Mr Wildisen	157,884	60,000	10,385	20,699	671,262	920,230	73%
Total	325,084	60,000	10,385	20,699	1,435,812	1,851,980	78%

The Board reviewed the KMP's of the Group during the year and determined the Mr Bussell no longer met the definition.

	Short-term benefits			Post-employment benefits	Share-based payment	Total \$	Percentage remuneration consisting of performance shares for the year
	Salary & fees \$	Cash bonus \$	Annual and Long Service Leave \$	Superannuation \$	Performance shares \$		
30/06/2015							
Directors							
Mr Hurley (i)	22,917	-	-	-	382,741	405,658	94%
Mr Niutta (ii)	29,600	-	-	-	382,741	412,341	93%
Mr Richardson	30,000	-	-	-	-	30,000	0%
Mr Toll (iii)	18,871	-	-	-	-	18,871	0%
Mr Bond (iv)	10,252	-	-	974	-	11,226	0%
Mr Bussell (v)	12,000	-	-	-	-	12,000	0%
Other KMP							
Mr Wildisen	75,000	-	5,769	7,125	690,303	778,197	77%
Mr Bussell (vi)	32,000	-	-	3,040	-	35,040	0%
Total	230,640	-	5,769	11,139	1,455,785	1,703,333	85%

- (i) Mr Hurley (Non-Executive Chairman) (appointed on 19 December 2014)
- (ii) Mr Niutta (Non-Executive Director) (appointed on 19 December 2014)
- (iii) Mr Toll (Non-Executive Director) (appointed on 19 December 2014)
- (iv) Mr Bond (Non-Executive Director) (appointed on 1 February 2012, resigned on 19 December 2014)
- (v) Mr Bussell (Non-Executive Director) (appointed on 27 February 2012, resigned on 19 December 2014)
- (vi) Mr Bussell was appointed CFO of the Group following completion of the Lunalite acquisition (effective 19 December 2014)

For the comparative period the remuneration of the Directors and KMP reflect that of the legal entity, being XTD Limited.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration		At risk – STI		At risk – LTI *	
	2016	2015	2016	2015	2016	2015
Director						
Mr Hurley	12%	6%	38%	53%	50%	41%
Mr Niutta	11%	7%	38%	52%	51%	41%
Mr Richardson	100%	100%	-	-	-	-
Mr Toll	100%	100%	-	-	-	-
Other KMP						
Mr Wildisen	27%	23%	33%	43%	40%	34%

*Long term incentives are provide by way of the performance shares issued with long term performance milestones (Class B, C and D). The percentages disclosed reflect the fair value of remuneration consisting of the performance shares, based on the value of the performance shares expensed during the year.

Remuneration Policy

Non-Executive Directors

Total remuneration for all Non-executive Directors, is not to exceed \$250,000 per annum as approved by shareholders. This does not include Consulting Fees.

Non-executive directors, received a fixed fee for their services of \$36,000 per annum (excl. GST) for services performed. Mr Frank Hurley is paid an additional \$14,000 per annum as Chairman of the Board. There are currently no Executive Directors employed by the Group.

The Group has provided variable remuneration incentive schemes to certain Non-Executive Directors associated with the acquisition of Lunalite as detailed in Note 27. There are no termination or retirement benefits for non-executive directors (other than statutory superannuation).

Other KMP - Mr Steve Wildisen – Chief Executive Officer

Outlined below is a summary of the material provisions of the Executive Services Agreement between the Company and Mr Wildisen. Mr Wildisen receives an annual salary of \$175,000 plus statutory superannuation. Either party may terminate the Executive Services Agreement by giving three months written notice. A bonus based on Lunalite's KPIs will be paid as follows:

- i. \$30,000 payable on EBITDA exceeding \$300,000 in the 2016 financial year, subject to completion of independent audit of the Company's annual financial report;
- ii. \$30,000 payable should lease income exceed \$3,126,533 for the 2016 financial year, subject to completion of independent audit of the Company's annual financial report;
- iii. \$50,000 on Lunalite being awarded an 'off shore' contracts for the XTD Systems to install at least 40 screens.

D Share-based Compensation

Short term and long term incentives

In the previous financial year Mr Hurley, Mr Niutta and Mr Wildisen were issued performance shares in connection with the acquisition of Lunalite. These performance shares were issued to provide key management personnel and Directors effective incentives for their work and ongoing commitment and contribution to the Company.

The performance shares were issued in four classes, each with different performance milestones. Details of the performance shares issued are as follows:

Class	Director and Other KMP	Number Issued	Grant Date	Exercise Price	Expiry Date of Milestone Achievements	Underlying Share Price on Grant Date (\$)	Total Fair Value (\$)
A	Mr Hurley Mr Niutta Mr Wildisen	1,050,003 1,050,003 1,950,005	19/12/14	Nil	19/12/16	0.20	210,000 210,000 390,001
B	Mr Hurley Mr Niutta Mr Wildisen	1,050,003 1,050,003 1,950,005	19/12/14	Nil	19/12/16	0.20	210,000 210,000 390,001
C	Mr Hurley Mr Niutta Mr Wildisen	1,050,003 1,050,003 1,950,005	19/12/14	Nil	19/12/17	0.20	210,000 210,000 390,001
D	Mr Hurley Mr Niutta Mr Wildisen	3,750,009 3,750,009 6,000,015	19/12/14	Nil	19/12/19	0.20	750,002 750,002 1,200,003

The performance milestones attached with each of the classes are detailed below:

- First revenue to Lunalite from Queensland Contract. This milestone expires two years from completion of the acquisition (19 December 2014). This milestone was achieved during the 2015 financial year.
- Security mobile application being developed and either being adopted by one rail operator, or achieving a minimum of 200,000 subscribers. This milestone expires two years from completion of the acquisition (19 December 2014).
- 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 2014).
- 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 within five years from completion of the acquisition (19 December 2014).

Refer to Note 27 for further details in respect to the performance shares granted.

E Equity Instruments Issued on Exercise of Remuneration Options

No equity instruments were issued during the year to Directors or key management as a result of exercising remuneration options (2015: Nil).

F Value of options to Directors

No options were granted, exercised or lapsed during the year to Directors or key management as part of their remuneration (2015: Nil).

G Equity instruments disclosures relating to key management personnel

Share holdings

The numbers of shares in the Company held during the financial year by each Director and other key management personnel of the Group are set out below.

2016	Opening Balance	Received as Remuneration	Received During Year on Exercise of Options	Net Change Other	Closing Balance
Directors					
Mr Hurley	4,036,829	2,100,006	-	-	6,136,835
Mr Niutta	4,780,512	2,100,006	-	-	6,880,518
Mr Richardson	2,072,598	-	-	-	2,072,598
Mr Toll	1,645,505	-	-	-	1,645,505
Other KMP					
Mr Wildisen	5,019,452	3,900,010	-	-	8,919,462
	17,554,896	8,100,022	-	-	25,654,918

2015*	Opening Balance	Received as Remuneration	Received During Year on Exercise of Options	Net Change Other	Closing Balance
Directors					
Mr Hurley	-	-	-	4,036,829	4,036,829
Mr Niutta	-	-	-	4,780,512	4,780,512
Mr Richardson	99,751	-	-	1,972,847	2,072,598
Mr Toll	-	-	-	1,645,505	1,645,505
Mr Bond	1,842,450	-	-	(1,842,450)	-
Mr Bussell	-	-	-	-	-
Other KMP					
Mr Wildisen	-	-	-	5,019,452	5,019,452
Mr Bussell	-	-	-	-	-
	1,942,201	-	-	15,612,695	17,554,896

* Figures shown on a post-consolidation basis. In December 2014 the Company completed a 1 for 13.3333 consolidation of its capital.

Deferred performance shares holdings

The table shows how many deferred performance shares were granted, vested and forfeited during the year.

	Year Granted	No Granted	Grant Date Value per share	Vested %	Vested Number*	Forfe ited %	Financial Years in which the shares may vest	Maximum value yet to vest
Mr Hurley								
Class A *	2015	1,050,003	\$0.20	100	1,050,003	-	2015	-
Class B**	2015	1,050,003	\$0.20	100	1,050,003	-	2016	-
Class C	2015	1,050,003	\$0.20	-	-	-	2018	\$102,795
Class D	2015	3,750,009	\$0.20	-	-	-	2020	\$520,276
Mr Niutta								
Class A*	2015	1,050,003	\$0.20	100	1,050,003	-	2015	-
Class B**	2015	1,050,003	\$0.20	100	1,050,003	-	2016	-
Class C	2015	1,050,003	\$0.20	-	-	-	2018	\$102,795
Class D	2015	3,750,009	\$0.20	-	-	-	2020	\$520,276
Mr Wildisen								
Class A*	2015	1,950,005	\$0.20	100	1,950,005	-	2015	-
Class B**	2015	1,950,005	\$0.20	100	1,950,005	-	2016	-
Class C	2015	1,950,005	\$0.20	-	-	-	2018	\$190,905
Class D	2015	6,000,015	\$0.20	-	-	-	2020	\$832,441

* Deferred performance shares which vested during the period as a result of the performance milestone being achieved were issued to Directors and Other KMP on 25 August 2015.

** Deferred performance shares which vested during the period as a result of the performance milestone being achieved were issued to Directors and Other KMP on 25 February 2016.

H Other transactions with key management personnel

During the year, the Group was charged \$39,000 (2015: \$157,743) by Azure Capital. Azure Capital provided consultancy and management services to the Group on normal commercial terms. John Toll is a director of Azure Capital. The balance owing at year end is \$4,619.

During the year, the Group was charged \$21,000 (2015: \$76,611) by Boston First Capital. Boston First Capital provided consultancy and management services to the Group on normal commercial terms. Stuart Richardson is a director of Boston First Capital. The balance owing at year end is \$nil.

During the year, the Group was charged \$nil (2015: \$31,570) by Blackwood Capital Ltd. Blackwood Capital provided consultancy and management services to the Group on normal commercial terms. Stuart Richardson is a director of Blackwood Capital. The balance owing at year end is \$nil.

I Additional statutory information

Relationship between remuneration and the Group's performance

The following table shows key performance indicators for the Group over the last five years:

	2016	2015	2014	2013	2012
Loss for the year	\$2,858,180	\$8,943,251	\$329,114	\$683,977	\$1,320,723
Closing Share Price	18.0 cents	21.0 cents	1.1 cents	N/A*	N/A*
KMP Incentives	\$1,435,812	\$1,455,785	\$nil	\$nil	\$nil
Total KMP Remuneration	\$1,851,980	\$1,703,332	\$30,000	\$nil	\$242,068

* No closing share price at 30 June 2012 and 30 June 2013 due to the suspension of trading on the ASX

End of Audited Remuneration Report

14.SHARES UNDER OPTION

At the date of this report, there were no options over unissued ordinary shares in the Company on issue.

15.PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purposes of taking responsibility on behalf of the Group for all or part of those proceedings.

16.INDEMNIFYING OFFICERS

During the financial year the Group paid a premium of \$10,685 to insure the directors and officers of the company and its Australian based controlled entities against a liability incurred as such a director or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Group against a liability incurred as such as an officer or auditor.

17.NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important.

The Board of Directors advises that non-audit services were provided by the Group's auditors during the year. Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporation Act 2001* for the following reasons:


- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professionals Accountant*.

	2016	2015
	\$	\$
Non-Audit Services		
PKF Mack – Income Tax	4,650	-
PKF Mack – Export Market Development Grant claim	3,950	-
BDO (WA) Corporate Finance Pty Ltd - Investigating Accountants Report	-	6,120
BDO (WA) Corporate Tax Pty Ltd – Income Tax	-	25,757
Total of non- audit services provided to the Group	8,600	31,877

18.AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 17.

Signed in accordance with a resolution of the Board of Directors.



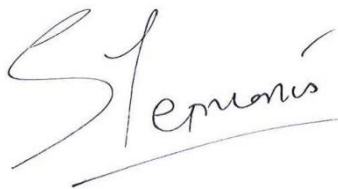
Mr Stuart Richardson
Perth, Western Australia
Date: 30 August 2016

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF XTD LTD

In relation to our audit of the financial report of XTD Ltd for the year ended 30 June 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



SIMON FERMANIS
PARTNER

30 AUGUST 2016
WEST PERTH,
WESTERN AUSTRALIA

The Board of Directors of XTD is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company and its controlled entity on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board.

BOARD RESPONSIBILITIES

As the Board acts on behalf of and is accountable to the shareholders, it seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways.

The responsibility for the operation and administration of the Group is delegated by the Board to the CEO and Company Secretary /Chief Financial Officer. The Board ensures that the CEO and Company Secretary /Chief Financial Officer are appropriately qualified and experienced to discharge his responsibilities, and has in place procedures to assess the performance for the Group's officers, contractors and consultants.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. It has a number of mechanisms in place to ensure this is achieved, including the following:

- Board approval of a strategic plan, designed to meet shareholder needs and manage business risk;
- implementation of operating plans and budgets by management and Board monitoring progress against budget; and
- procedures to allow Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expenses.

MONITORING OF THE BOARD'S PERFORMANCE AND COMMUNICATION TO SHAREHOLDERS

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is to be reviewed annually by the Chairman. Directors whose performance is unsatisfactory are asked to retire.

The Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Principles and Recommendations**). The Principles and Recommendations are not mandatory. The Statement discloses the extent to which the Company has followed the Principles and Recommendations, furthermore, the Board of the Company currently has in place a Corporate Governance Plan which is located on the Company's website at <http://xtd.tv/>.

XTD LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	30-Jun-16 \$	30-Jun-15 \$
Revenue from continuing operations	8	3,452,991	1,211,723
Other income	8	487,803	164,529
Amortisation of intangibles		(124,470)	(124,470)
Commission expense		(1,009,910)	(421,410)
Consultancy fees		(373,229)	(325,864)
Depreciation expense		(1,162,649)	(603,094)
Finance costs	9	-	(90,465)
Personnel expenses	9	(2,752,485)	(2,312,754)
Occupancy expenses		(70,564)	(27,767)
Professional fees	9	(319,932)	(150,344)
Share based payments	27	-	(5,616,010)
Travelling expenses		(277,198)	(284,486)
Other expenses	9	(745,877)	(400,179)
Loss from continuing operations before income tax		(2,895,520)	(8,980,591)
Income tax benefit	10	37,340	37,340
Loss from continuing operations after income tax		(2,858,180)	(8,943,251)
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive loss for the year		(2,858,180)	(8,943,251)
Loss for the year is attributable to:			
Owners of the company		(2,515,909)	(8,943,251)
Non-controlling interests		(342,271)	-
		(2,858,180)	(8,943,251)
Total comprehensive loss for the year attributable to:			
Owners of the company		(2,515,909)	(8,943,251)
Non-controlling interests		(342,271)	-
		(2,858,180)	(8,943,251)
		Cents	Cents
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share	26	(1.9)	(10.4)

The above consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 23 to 50.

XTD LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

		30-Jun-16	30-Jun-15
	Notes	\$	\$
Current Assets			
Cash & cash equivalents	11	2,208,980	955,929
Trade & other receivables	12	247,117	178,701
Total Current Assets		2,456,097	1,134,630
Non-Current Assets			
Plant & equipment	13	2,850,447	3,772,244
Intangibles	14	622,345	746,815
Total Non-Current Assets		3,472,792	4,519,059
TOTAL ASSETS		5,928,889	5,653,689
Current Liabilities			
Trade & other payables	15	571,856	531,212
Provisions	16	54,745	20,015
Total Current Liabilities		626,601	551,227
Non-Current Liabilities			
Deferred tax liability	10	186,705	224,045
Total Non-Current Liabilities		186,705	224,045
TOTAL LIABILITIES		813,306	775,272
NET ASSETS		5,115,583	4,878,417
EQUITY			
Contributed equity	17	15,891,009	14,091,003
Share-based payment reserve	18	1,412,879	1,617,539
Accumulated losses	19	(11,734,652)	(10,830,125)
Capital and reserves attributable to owners of the company		5,569,236	4,878,417
Non-Controlling interests	20	(453,653)	-
TOTAL EQUITY		5,115,583	4,878,417

The above consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 23 to 50.

XTD LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Issued Capital \$	Share-based Payment Reserve \$	Accumulated Losses \$	Total \$	Non- controlling interests \$	Total Equity \$
At 1 July 2015	14,091,003	1,617,539	(10,830,125)	4,878,417	-	4,878,417
Loss for the year	-	-	(2,515,909)	(2,515,909)	(342,271)	(2,858,180)
Total comprehensive loss for the year	-	-	(2,515,909)	(2,515,909)	(342,271)	(2,858,180)
Transactions with owners in their capacity as owners:						
Share-based payment - performance shares	-	1,595,346	-	1,595,346	-	1,595,346
Disposal of shares in subsidiary	-	-	1,611,382	1,611,382	(111,382)	1,500,000
Vesting of performance shares – Tranche A	900,003	(900,003)	-	-	-	-
Vesting of performance shares – Tranche B	900,003	(900,003)	-	-	-	-
At 30 June 2016	15,891,009	\$1,412,879	(11,734,652)	5,569,236	(453,653)	5,115,583
	Issued Capital \$	Share-based Payment Reserve \$	Accumulated Losses \$	Total \$	Non- controlling interests \$	Total Equity \$
At 1 July 2014	3,254,576	-	(1,886,874)	1,367,702	-	1,367,702
Loss for the year	-	-	(8,943,251)	(8,943,251)	-	(8,943,251)
Total comprehensive loss for the year	-	-	(8,943,251)	(8,943,251)	-	(8,943,251)
Transactions with owners in their capacity as owners:						
Share-based payment - acquisition	5,971,651	-	-	5,971,651	-	5,971,651
Share-based payment - performance shares	-	1,617,539	-	1,617,539	-	1,617,539
Share-based payment – introductory fee	25,000	-	-	25,000	-	25,000
Issue of capital	3,000,500	-	-	3,000,500	-	3,000,500
Issue of capital	2,140,000	-	-	2,140,000	-	2,140,000
Capital raising costs	(300,724)	-	-	(300,724)	-	(300,724)
At 30 June 2015	14,091,003	\$1,617,539	(10,830,125)	4,878,417	-	4,878,417

The above consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on page 23 to 50.

XTD LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	30-Jun-16	30-Jun-15
		\$	\$
Cash flows from operating activities			
Receipt from customers		3,342,707	1,125,732
Payment to suppliers and employees		(3,652,059)	(2,160,014)
Interest received		13,826	19,628
Research and development grant		399,488	128,898
Export market development grant		49,489	-
Net cash inflow/(outflow) from operating activities	25	153,451	(885,756)
Cash flows from investing activities			
Payment for property, plant and equipment		(390,400)	(4,383,058)
Proceeds from disposal equity investments		1,490,000	-
Other (cash acquired)		-	34,200
Net cash outflow/(inflow) from investing activities		1,099,600	(4,348,858)
Cash flows from financing activities			
Issue of shares and options		-	5,600,500
Proceeds from borrowings		-	600,000
Costs of capital raising		-	(286,330)
Net cash inflow from financing activities		-	5,914,170
Net increase in cash and cash equivalents		1,253,051	679,556
Cash and cash equivalents at beginning of year		955,929	276,373
Cash and cash equivalents at end of year	11	2,208,980	955,929

The above consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 23 to 50.

1. REPORTING ENTITY

XTD Limited (the “Company”) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange Limited (“ASX”). The addresses of its registered office and principal place of business are disclosed in the Corporate Directory at the beginning of the Annual Report.

The consolidated financial statements of the Company and its subsidiaries are for the year ended 30 June 2016.

The financial statements were authorised for issue by the Board of Directors on 30 August 2016.

The nature of the operations and principal activities of the Group are described in the Directors’ Report.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

The consolidated financial statements were approved by the Board of Directors on the date the directors’ report and declaration was signed. XTD Limited is a for-profit entity for the purpose of preparing the financial statements.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis, modified where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company’s functional currency and the presentation currency of the Group.

(d) Use of estimates and judgments

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

2. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgments (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- (i) Note 27 – Share-based payment arrangements – In relation to performance shares, the Group measures the cost of equity settled share based payments at fair value at the grant date. The expense recognised in the Statement of Profit or Loss and Other Comprehensive Income takes into account management's assessment of the associated performance milestones being achieved.
- (ii) Provision for doubtful debts - The provision for doubtful debts requires a degree of estimation and judgement. The level of provision is assessed by taking into account the aging of receivables, historical collection rates and specific knowledge of the individual debtors financial position.
- (iii) Estimated impairment of assets - The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The directors have considered impairment of plant and equipment and intangible assets at reporting date and prepared a value-in-use calculation. This calculation forecasts the present value of future cash flows from the current cash generating unit being the Melbourne and Queensland contracts. The model adopts a discount factor of 13% and concludes that the present value of future cash flows is in excess of the carrying value of both plant and equipment and the intangible asset and accordingly no impairment is necessary at reporting date.
- (iv) Intangible assets (contract rights) - Contract rights have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. The Melbourne contract has a contractual life of 7 years.
- (v) Deferred tax assets – The Group expects to have carried forward tax losses, which have not been recognised as deferred tax assets. The utilisation of tax losses is subject to the Group passing the required Continuity of Ownership and Same Business Test rules at the time the losses are expected to be utilised.

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2015:

- Interpretation 21 Accounting for Levies
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2014-1 Amendments to Australian Accounting Standards

None of the new Standards and amendments to Standards that are mandatory for the first time for the financial year beginning 1 July 2015 affected any of the amounts recognised in the current period or any prior period and is not likely to affect future periods. Additionally, they did not significantly affect the Group's accounting policies or any of the disclosures.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, and have been applied consistently by the Group entities.

(a) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of Lunalite International Pty Ltd (the “Company” or “Parent Entity”) as at 30 June 2016 and the results of its subsidiaries for the year. Lunalite International Pty Ltd and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

(ii) Transactions eliminated on consolidation

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(c) Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Profit or Loss and Other Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments

(i) Non-derivative financial assets

Financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Non-derivative financial assets comprise deposits, loans and receivables and cash and cash equivalents.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method. They are included in current assets except those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Non-derivative financial liabilities comprise loans and borrowings and trade and other payables. They are recognised initially at fair value and subsequently at amortised cost.

(iii) Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Acquisition of Lunalite International Pty Ltd (Lunalite)

During the period ended 31 December 2014 XTD Ltd acquired all the shares in Lunalite by issuing 78,750,297 shares in XTD Ltd, on a post-consolidation basis, to Lunalite Shareholders, giving Lunalite a controlling interest in XTD Ltd and equating to a controlling interest in the combined entity. Lunalite has thus been deemed the acquirer for accounting purposes. The acquisition of XTD Ltd by Lunalite is not deemed to be a business combination, as XTD Ltd is not considered to be a business under AASB 3 Business Combinations. As such, the consolidation of these two companies was on the basis of the continuation of Lunalite with no fair value adjustments, whereby Lunalite was deemed to be the accounting parent. The comparative information of XTD Ltd is that of Lunalite as presented in its last set of year-end audited financial statements.

The transaction has therefore been treated as a share based payment under AASB 2 Share Based Payments, whereby Lunalite is deemed to have issued shares in exchange for the net assets and listing status of XTD Ltd. As the deemed acquirer, Lunalite has acquisition accounted for XTD Ltd as at 30 June 2015. As a result, the following principles and guidance on the preparation of the consolidated financial statements has been applied:

- Fair value adjustments arising at acquisition were made to XTD Ltd's assets and liabilities, and not those of Lunalite.
- The cost of acquisition is based on the notional amount of shares that Lunalite would need to issue to acquire the majority interest of XTD Ltd shares that the shareholders did not own after the acquisition times the fair value of XTD Ltd shares at acquisition date.
- Retained earnings and other equity balances in the consolidated financial statements at the date of acquisition are the retained earnings and other equity balances of Lunalite immediately before the acquisition.
- A share based payment transaction arises where-by Lunalite is deemed to have issued shares in exchange for the net assets of XTD Ltd, together with XTD's listing status. The listing status does not qualify for recognition as an intangible asset and has therefore been expensed in profit and loss for the period.
- The amounts recognised as issued equity instruments in the consolidated financial statements have been determined by adding the share based payment to the issued equity of Lunalite immediately before the acquisition.
- The results for the year ended 30 June 2015 comprise the results of Lunalite for the full year and results of XTD Ltd subsequent to the acquisition.
- The weighted average number of shares outstanding for the period in which the reverse acquisition took place is based on the weighted average number of shares in Lunalite that are outstanding from the beginning of the period to the date of acquisition. The number of shares is multiplied by the exchange ratio established in the acquisition and added to the actual number of shares of XTD Ltd outstanding in the period following acquisition. The comparative weighted average number of shares is based on Lunalite's historical weighted average number of shares multiplied by the exchange ratio.

Refer Note 29 for further details on the acquisition accounting treatment.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not shown in the accounts at a value in excess of the recoverable amount of the asset.

Depreciation on assets is calculated using the diminishing value method to allocate their cost, net of their residual values, as follows:

Office equipment	15-40%
Screens	15-30%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Gains and losses on disposals are determined by comparing the proceeds from disposal with the net carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

(g) Trade and other receivables

Trade and other receivables are recorded at amounts due less any allowance for doubtful debts. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

(h) Other financial assets

The Group classifies its investments in the following categories: loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position.

Investments in subsidiaries are carried at cost, net of any impairment losses.

(i) Intangible assets (contract rights)

Contact rights have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

(j) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Employee Benefits

(i) Share-based payment transactions

In relation to performance shares, the Group measures the cost of equity settled share based payments at fair value at the grant date. The expense recognised in the Statement of Profit or Loss and Other Comprehensive Income takes into account management's assessment of the associated performance milestones being achieved.

The fair value of the shares granted is recognised as an employee or director expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the expected vesting period.

(ii) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(m) Revenue recognition

Revenue from the sale of goods is recognised when the goods are delivered to customers and substantially all risks and rewards of ownership have passed to the customer. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of Goods & Services Tax (GST).

Lease income from operating leases is recognised as income over the lease term and on a variable basis, being the fair value of consideration received or receivable from APN Outdoor. Lease income of XTD is not fixed.

Interest income is recognised in the Statement of Profit or Loss and Other Comprehensive Income as it accrues, using the effective interest method.

(n) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the financial year, adjusted for the bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(q) Government Grants (Research and Development)

Research and Development grants of \$399,488 are included in the "Other Income" line item in the Statement of Profit or Loss and Other Comprehensive Income. These grants relate to eligible expenditure incurred by the Group in relation to the development of the cross-track digital advertising delivery system.

(r) Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) New standards and interpretation not yet adopted

The AASB has issued the following new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards, and has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations.

AASB No.	Title	Issue Date	Application Date (Annual reporting periods beginning on or after)
9	Financial Instruments	Dec 2014	1 Jan 2018
2010-7	Amendments arising from Accounting Standards arising from AASB 9 (December 2010)	Sep 2012	1 Jan 2018
2014 - 1	Amendments to Australian Accounting Standards Part D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts	Jun 2014	Part D - 1 Jan 2016 Part E - 1 Jan 2018
2014-3	Amendments to Australian Accounting Standard – Accounting for Acquisition of Interest in Joint Operations [AASB 1 & AASB 11]	Aug 2014	1 Jan 2016
2014-4	Amendments to Australian Accounting Standard - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	Aug 2014	1 Jan 2016
2014-5	Amendments to Australian Accounting Standard Arising From AASB 15	Dec 2014	1 Jan 2018
2014-7	Amendments to Australian Accounting Standard Arising From AASB 9 (December 2014)	Dec 2014	1 Jan 2018
2014-9	Amendments to Australian Accounting Standard - Equity Method in Separate Financial Statements	Dec 2014	1 Jan 2016
2014-10	Amendments to Australian Accounting Standard - Sale of Contribution of Assets Between Investors and its Associates or Joint Venture	Dec 2014	1 Jan 2018
2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	Jan 2015	1 Jan 2016
2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	Jan 2015	1 Jan 2016
2015-9	Amendments to Australian Accounting Standards – Scope and Application Paragraphs	Nov 2015	1 Jan 2016
15	Revenues from Contracts with Customers	Oct 2015	1 Jan 2018
16	Leases	Feb 2016	1 Jan 2019
1057	Application of Australian Accounting Standards	Nov 2015	1 Jan 2016

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. The Board of Directors co-ordinate domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group holds the following financial instruments:

	30-Jun-16	30-Jun-15
	\$	\$
Financial assets		
Cash and cash equivalents	2,208,980	955,929
Trade and other receivables	247,117	178,701
	<u>2,456,097</u>	<u>1,134,630</u>
Financial liabilities		
Trade and other payables	571,856	531,212
	<u>571,856</u>	<u>531,212</u>

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

(i) Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The Group manages foreign exchange risk by monitoring forecast cash flows in currencies other than the Australian dollar.

The Group has minimal exposure to foreign currency risk at the end of the year.

(ii) Price risk

The Group does not hold investments and therefore is not exposed to equity securities price risk.

(iii) Interest rate risk

The Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below:

	30-Jun-16		30-Jun-15	
	Weighted average interest rate	\$	Weighted average interest rate	\$
Financial assets				
Cash & cash equivalents	0.78%	2,208,980	1.50%	955,929

The Group does not have significant interest-bearing assets and percentage changes in interest rates would not have a material impact on the results. Group sensitivity to movement in interest rates is shown in the summarised sensitivity analysis table below.

	Carrying amount \$	Interest rate risk			
		- 100 bps		+ 100 bps	
		Profit AUD \$	Equity AUD \$	Profit AUD \$	Equity AUD \$
30 June 2016 Financial Assets					
Cash & cash equivalents	2,208,980	(22,089)	(22,089)	22,089	22,089
30 June 2015 Financial Assets					
Cash & cash equivalents	955,929	(9,559)	(9,559)	9,559	9,559

Trade and other payables and trade and other receivables are not subject to interest rate risk.

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

The Group has no significant concentration of credit risk. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings.

	30-Jun-16	30-Jun-15
Cash at bank	\$	\$
National Australia Bank -AA	794,300	780,852
Westpac -AA	1,414,680	175,077

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Group has no long term or short term debt and its risk with regard to liquidity relates to its ability to maintain its current operations.

The Group's ability to raise equity funding in the market is paramount in this regard.

The Group manages liquidity by monitoring forecast and actual cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

2016	<6 months	6-12	>12 months	Total	Carrying
	\$	months	\$	Contractual	Amount
		\$		Cash Flows	\$
				\$	
Financial liabilities					
Trade and other payables	571,856	-	-	571,856	571,856
2015					
Financial liabilities					
Trade and other payables	531,212	-	-	531,212	531,212

6. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Due to the short term nature of financial assets and liabilities, varying values approximate fair values.

7. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The segments are consistent with the internal management reporting information that is regularly reviewed by the chief operating decision maker.

The Group engages in one business in Australia, activity from which it earns revenues, and its results are analysed as a whole by the chief operating decision maker. Consequently revenue, profit and net assets for the operating segment and geographical segment are reflected in this annual report.

30 June 2016	XTD Ltd	Contact Light	Total
	\$	\$	\$
Income	3,870,924	69,870	3,940,794
Expenses	(5,574,951)	(1,136,893)	(6,711,844)
Income tax expense	37,340	-	37,340
Operating loss	(1,666,687)	(1,067,023)	(2,733,710)
Other significant items:			
Amortisation of intangibles	(124,470)	-	(124,470)
Net loss before tax	(1,791,157)	(1,067,023)	(2,858,180)
Assets			
Cash and cash equivalents	1,786,074	422,906	2,208,980
Trade and other receivables	236,417	10,700	247,117
Plant & equipment	2,834,206	16,241	2,850,447
Intangibles	622,345	-	622,345
	5,479,042	449,847	5,928,889
Liabilities			
Trade and 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

The Group identified only one operating segment in the previous financial year.

8. REVENUE

The Group derives the following types of revenue:

	30-Jun-16	30-Jun-15
	\$	\$
Sales Revenue		
Lease income	3,452,991	1,211,723
Other Revenue and Other Income		
Interest income	13,826	26,386
Other	25,000	9,245
Government research and development grant	399,488	128,898
Government export market development grant	49,489	-
	487,803	164,529
Total revenue and other income from continuing operations	3,940,794	1,376,252

8. REVENUE (continued)

Revenues of \$3,452,991 (2015: \$1,211,723) are derived from a single external customer. These revenues relate to leasing income.

9. EXPENSES

Loss for the year includes the following specific expenses:

	30-Jun-16	30-Jun-15
	\$	\$
Other expenses		
Bookkeeping fees	-	11,745
Advertising and marketing	174,439	63,692
Insurance expense	44,100	34,559
Interest expense	12	2,836
Telephone and internet expenses	33,271	21,184
Equipment repairs and maintenance	199,310	45,750
Corporate and compliance	71,075	50,615
Other expenses	223,670	169,798
	745,877	400,179
Finance costs		
Conversion fee – convertible note	-	90,465
	-	90,465
Personnel expenses		
Wages and salaries (including provisions)	878,930	505,057
Employee motor vehicle expenses	32,710	20,000
Superannuation	78,299	40,203
Employee benefits share based payment (Note 26)	830,796	852,057
Directors fees	167,200	129,955
Directors benefits share based payment (Note 26)	764,550	765,482
	2,752,485	2,312,754
Professional fees		
Accounting expenses	168,858	57,017
Audit expenses	49,032	43,060
Company secretarial expenses	36,000	25,500
Patent	1,100	10,914
Legal expenses	64,942	13,853
	319,932	150,344

10. INCOME TAX EXPENSES

	30-Jun-16	30-Jun-15
	\$	\$
(a) Income tax expense:		
Current income tax	-	-
Deferred income tax	(37,340)	(37,340)
Current income tax benefit	-	-
	<u>(37,340)</u>	<u>(37,340)</u>
(b) Reconciliation of Income tax expense to prima facie tax payable:		
Loss before income tax	(2,895,520)	(8,980,591)
Prima facie income tax at 30% (2015: 30%)	(868,656)	(2,694,177)
Non-deductible expenditure	146,167	2,166,244
Timing differences not recognized	685,149	490,593
	<u>Income tax benefit not recognised</u>	<u>Income tax benefit not recognised</u>
Income tax expense/(benefit)	<u>(37,340)</u>	<u>(37,340)</u>
(c) Unrecognised deferred tax assets arising on timing differences and losses		
Losses	1,461,820	1,667,873
Deductible temporary differences	124,859	147,405
Unrecognised deferred tax assets	<u>1,586,679</u>	<u>1,815,279</u>
(d) Deferred tax liabilities		
Business combination – intangible	186,705	224,045
	<u>186,705</u>	<u>224,045</u>

The tax benefits of the above deferred tax assets will only be obtained if:

- The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- The consolidated entity continues to comply with the conditions for deductibility imposed by law; and
- No changes in income tax legislation adversely affect the consolidated entity from utilising the benefits.

11. CASH AND CASH EQUIVALENTS

(a) Reconciliation to cash at the end of the year

	30-Jun-16	30-Jun-15
	\$	\$
Cash at bank and in hand	2,208,980	955,929
	2,208,980	955,929

The Group does not have any restrictions on any cash held at bank or on hand.

The above figures agree to the cash and cash equivalents at the end of the financial year as shown in the statement of cash flows.

(b) Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in note 5(a)(iii).

12. TRADE & OTHER RECEIVABLES

	30-Jun-16	30-Jun-15
	\$	\$
Trade and other receivables	240,484	176,451
Prepayments	6,633	2,250
	247,117	178,701

(a) Trade receivables past due but not impaired

There were no trade receivables past due but not impaired.

(b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 5 for more information on the risk management policy of the group and the credit quality of the Group's trade receivables.

13. PLANT AND EQUIPMENT

	30-Jun-16	30-Jun-15
	\$	\$
Plant and equipment	2,850,447	3,772,244
	<u>2,850,447</u>	<u>3,772,244</u>
Reconciliation:		
Balance at the beginning of the year	3,772,244	97,696
Additions	240,852	4,277,642
Depreciation expense	(1,162,649)	(603,094)
Balance at the end of the year	<u>2,850,447</u>	<u>3,772,244</u>

14. INTANGIBLES

	30-Jun-16	30-Jun-15
	\$	\$
Contract rights (a)		
At cost	871,285	871,285
Accumulated amortisation	(248,940)	(124,470)
	<u>622,345</u>	<u>746,815</u>

(a) Business combination – Outdoor Digital Solutions Pty Ltd

On 2 January 2013, the Company acquired 100% of the issued capital of Outdoor Digital Solutions Pty Ltd. The consideration for the acquisition was made up of a \$90,000 cash deposit and a \$520,000 cash payment on settlement. Outdoor Digital Solutions owns the rights to each of the Melbourne and Queensland rail advertising contracts. The commencement date of the contract was 1 July 2014. A deferred tax liability of \$261,385 was recognised in respect of this acquisition. The contract is being amortised on a straight line basis over the contract term (7 years).

15. TRADE & OTHER PAYABLES

	30-Jun-16	30-Jun-15
	\$	\$
Trade creditors	142,273	336,200
Accrued expenses	327,241	103,113
Other payables	102,342	91,899
	<u>571,856</u>	<u>531,212</u>

Trade and other payables are non-interest bearing liabilities stated at cost and are predominantly settled within 30 days.

The carrying amounts of trade and other payable are assumed to be the same as their fair values, due to their short term nature.

16. PROVISIONS

	30-Jun-16	30-Jun-15
	\$	\$
Provision for annual leave	54,745	20,015
	54,745	20,015

17. ISSUED CAPITAL

(a) Share Capital

	30-Jun-16	
	\$	No.
Fully paid ordinary shares	15,891,009	132,986,077

	30-Jun-15	
	\$	No.
Fully paid ordinary shares	14,091,003	123,986,051

(b) Movements in ordinary share capital

	30-Jun-16		
	\$	No.	Issue price per ordinary share
Issue of ordinary shares during the Year			
Opening balance – Shares for share exchange	14,091,003	123,986,051	-
Conversion of performance shares – Tranche A ⁽ⁱ⁾	900,003	4,500,013	\$0.200
Conversion of performance shares – Tranche B ⁽ⁱⁱ⁾	900,003	4,500,013	\$0.200
Balance at 30 June 2016	15,891,009	132,986,077	

(i) Conversion of tranche A performance shares on 25/08/15. Refer note 27 for further details.

(ii) Conversion of tranche B performance shares on 25/02/16. Refer note 27 for further details.

17. ISSUED CAPITAL (continued)

Issue of ordinary shares during the Year	30-Jun-15		Issue price per ordinary share
	\$	No.	
Opening balance – Shares for share exchange ⁽ⁱ⁾	3,254,576	398,102,531	-
Consolidation of share capital	-	(378,944,276)	-
Seed capital raising	2,140,000	10,700,000	\$0.200
Prospectus – capital raising	3,000,500	15,002,499	\$0.200
Acquisition adjustment - Lunalite International Pty Ltd ⁽ⁱⁱ⁾	5,971,651	78,750,297	-
Issue of shares – introductory fee ⁽ⁱⁱⁱ⁾	25,000	375,000	\$0.067
Share issue expenses	(300,724)	-	-
Balance at 30 June 2015	14,091,003	123,986,051	

- (i) Following the capital restructure, the number of shares outstanding represents the contributed equity of the legal entity, being XTD Limited.
- (ii) Refer note 29 for further details on the acquisition.
- (iii) Refer to note 27 (b) for further details.

Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

At shareholders' meetings, each ordinary share is entitled to one vote per share when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital risk management

The Group's capital includes share capital, reserves and accumulated losses. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to achieve this, the Group may issue new shares in order to meet its financial obligations.

(b) Options

No options were issued during the year.

18. RESERVES

	30-Jun-16	30-Jun-15
	\$	\$
Share-based payments reserve		
Balance at the beginning of the year	1,617,539	-
Valuation of performance shares issued 19 December 2014	1,595,346	1,617,539
Conversion of Tranche A and B performance shares to ordinary shares	(1,800,006)	-
Balance at the end of the year	1,412,879	1,617,539

Refer to note 27 for further details on the performance shares issued.

(a) Nature and Purposes of Reserves

(i) Share-based Payment Reserves

This reserve is used to record the value of equity benefits to employees, management personnel, chairman and non-executive directors as part of their remuneration. When the performance shares vest the amount recorded in the Share-based Payment Reserve relevant to those performance shares is transferred to share capital.

19. ACCUMULATED LOSSES

	30-Jun-16	30-Jun-15
	\$	\$
Accumulated losses at the beginning of the financial year	(10,830,125)	(1,886,874)
Net loss attributable to members of the Group	(2,515,909)	(8,943,251)
Disposal of shares in subsidiary	1,611,382	-
Accumulated losses at the end of the financial year	(11,734,652)	(10,830,125)

20. NON-CONTROLLING INTERESTS

	30-Jun-16	30-Jun-15
	\$	\$
Interest in:		
Fair value of net assets acquired by the minority	(111,382)	-
Share of the loss for the current period	(342,271)	-
	(453,653)	-

A subsidiary of the group, Contact Light Pty Ltd (Contact Light), raised funds via a private placement to unrelated parties during the period. Contact Light 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 and 30 June 2016 is \$49,236. 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 has been transferred to accumulated losses attributable to the owners of XTD Ltd.

21. RELATED PARTY TRANSACTIONS

(a) Parent entities

The parent entity within the Group is Lunalite International Pty Ltd.

(b) Subsidiaries

The Group Structure, from an accounting perspective, reflects Lunalite International Pty Ltd as the parent entity and XTD Ltd as a subsidiary. Refer to note 29 for further details.

(b) Subsidiaries (continued)

Group structure

	Country of incorporation	Class of shares	Ownership interest 2016	Ownership interest 2015
Parent Entity				
Lunalite International Pty Ltd	Australia	Ordinary		
Subsidiaries				
Red Hawk Resources Ltd	Australia	Ordinary	100%	100%
XTD Ltd	Australia	Ordinary	100%	100%
Contact Light Pty Ltd	Australia	Ordinary	52%	100%
Outdoor Digital Solutions Pty Ltd	Australia	Ordinary	100%	100%

Red Hawk Resources Ltd was incorporated on 16 May 2011.

Lunalite International Pty Ltd was incorporated on 16 August 2005.

Contact Light Pty Ltd was incorporated on 7 August 2014.

Outdoor Digital Solutions Pty Ltd was incorporated on 3 July 2009.

(c) Key management personnel compensation

The key management personnel compensation is as follows:

	30-Jun-16	30-Jun-15
	\$	\$
Short-term benefits	395,469	398,992
Post-employment benefits	20,699	21,114
Share-based payments	1,435,812	1,455,785
	1,851,980	1,875,891

21. RELATED PARTY TRANSACTIONS (continued)

(d) Other transactions with key management personnel

During the year, the Group was charged \$39,000 (2015: \$157,743) by Azure Capital. Azure Capital provided consultancy and management services to the Group on normal commercial terms. John Toll is a director of Azure Capital. The balance owing at year end is \$4,619.

During the year, the Group was charged \$21,000 (2015: \$76,611) by Boston First Capital. Boston First Capital provided consultancy and management services to the Group on normal commercial terms. Stuart Richardson is a director of Boston First Capital. The balance owing at year end is \$nil.

During the year, the Group was charged \$nil (2015: \$31,570) by Blackwood Capital Ltd. Blackwood Capital provided consultancy and management services to the Group on normal commercial terms. Stuart Richardson is a director of Blackwood Capital. The balance owing at year end is \$nil.

22. REMUNERATION OF AUDITORS

	30-Jun-16 \$	30-Jun-15 \$
Amounts received or due and receivable by PKF Mack for:		
(i) An audit or review of the financial report of the entity	43,000	-
Amounts received or due and receivable by PKF Mack for:		
(ii) Other services in relation to the entity and any other entity in the consolidated group – Income tax	4,650	-
(iii) Other services in relation to the entity and any other entity in the consolidated group – Export Market Development Grant claim	3,950	-
	8,600	-
Amounts received or due and receivable by BDO (WA) Audit Pty Ltd for:		
(iv) An audit or review of the financial report of the entity	-	43,060
Amounts received or due and receivable by BDO (WA) Corporate Finance Pty Ltd		
(v) Other services in relation to the entity and any other entity in the consolidated group – Independent Auditor's Report	-	6,120
Amounts received or due and receivable by BDO (WA) Tax Pty Ltd		
(vi) Other services in relation to the entity and any other entity in the consolidated group – Income tax	-	25,757
Total of non-audit services provided to the Group	8,600	31,877

23. GUARANTEES AND CONTINGENT LIABILITIES

Under the services contract in place with XTD, Metro Trains Melbourne's annual minimum revenue guarantee is \$nil for the first year. The minimum guarantee is to be set at 30% of the net advertising revenue for the first year of the contract. The revised amount is not currently quantifiable as the first full year of generating advertising revenue has not been completed. The minimum guarantee is in place for the term of the contract (7 years).

Under the services contract in place with XTD, Queensland Rail's annual minimum revenue guarantee is \$137,496 plus an 18% revenue share. The minimum guarantee is fixed for the term of the contract (7 years).

No other guarantee or contingent liabilities were noted for the Group for the year ended 30 June 2016.

24. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 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.

25. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

Reconciliation of net loss after income tax to net cash flows from operating activities.	30-Jun-16	30-Jun-15
	\$	\$
Net loss after income tax	(2,858,180)	(8,943,251)
Adjustments for:		
Amortisation of intangibles	124,470	124,470
Depreciation	1,162,649	603,094
Doubtful Debts	10,431	50,000
Directors benefits expense	764,550	765,482
Employee benefits expense	830,796	852,057
Provision for employee leave expense	34,731	20,015
Share based payment	-	5,616,010
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	(78,847)	1,359,234
Increase/(decrease) in trade and other payables	162,851	(1,332,867)
Net cash outflow from operating activities	153,451	(885,756)

26. EARNINGS PER SHARE

Basic loss per share

The calculation of basic loss per share at 30 June 2016 was based on the loss attributable to ordinary shareholders of \$2,515,909 and a weighted average number of ordinary shares outstanding during the year ended 30 June 2016 of 129,555,739 calculated as follows:

	30-Jun-16	30-Jun-15
	\$	\$
Loss attributable to ordinary shareholders	(2,515,909)	(8,943,251)
Weighted average number of ordinary shares	129,555,739	85,603,400
Basic loss per share (cents per share)	<u>(1.9)</u>	<u>(10.4)</u>

Diluted loss per share

Potential ordinary shares are not considered dilutive, thus diluted loss per share is the same as basic loss per share.

27. SHARE-BASED PAYMENTS

(a) Performance shares

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 however achieved during the year. Accordingly, the full expense has been recognised for 30 June 2016.

The details of each class are tabled below:

Class	Number	Grant 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

27. SHARE-BASED PAYMENTS (continued)

(a) Performance shares (continued)

Performance Milestones:

- E. First revenue to Lunalite from Queensland Contract. This milestone expires two years from completion of the acquisition (19 December 2014).
- F. Security mobile application being developed and either being adopted by one rail operator, or achieving a minimum of 200,000 subscribers. This milestone expires two years from completion of the acquisition (19 December 2014).
- G. 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 2014).
- H. 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 within five years from completion of the acquisition (19 December 2014).

The total expense arising from share based payment transactions recognised during the period in relation to the performance shares issued was \$1,595,346 (2015:\$1,617,539). This amount has been included in Director and Employee benefits expense in Note 9.

(b) Shares Issued to Other Parties

No shares were granted to brokers during 2016.

During the 2015 financial year 375,000 shares (post consolidation) were granted to brokers for share raising related expenses. Management determined that the fair value of service received could not be reliably measured, and accordingly the fair value of the equity granted was determined. The fair value of the shares granted was \$25,000 by direct reference to the quoted market price of the shares on the date of issue. This expense has been recognised in share issue costs.

2015	Number of	Issue Price	\$
(i) Shares	shares Issued		
Brokers	375,000	\$0.20	25,000
Total	375,000		25,000

28. PARENT ENTITY FINANCIAL INFORMATION

	30-Jun-16	30-Jun-15
	\$	\$
Current Assets	1,229,867	257,393
Non-Current Assets	3,456,551	2,402,384
Total Assets	4,686,418	2,659,777
Current Liabilities	2,347,386	405,444
Non-Current Liabilities	186,705	224,045
Total liabilities	2,534,091	629,489
Contributed equity	5,108,554	5,108,554
Accumulated losses	(2,956,227)	(3,078,266)
Total equity	2,152,327	2,030,288
Profit/(Loss) for the year	122,039	(1,191,392)
Other comprehensive loss for the year	-	-
Total comprehensive profit/(loss) for the year	122,039	(1,191,392)

a. Guarantees and Contingent Liabilities

Refer to note 23 for details of guarantees and contingent liabilities.

b. Contractual Commitments

There are no significant commitments.

29. REVERSE ACQUISITION ACCOUNTING

XTD Ltd made a takeover offer for all of the securities in Lunalite International Pty Ltd (Lunalite). The takeover offer was affected through an off-market takeover bid for all of the ordinary shares in Lunalite International on the basis of 3 XTD Ltd shares for every 1 Lunalite International share held on a post consolidation basis.

Under the acquisition on 19 December 2014, XTD Ltd acquired all of the shares in Lunalite by issuing 78,750,297 shares in XTD Ltd to Lunalite shareholders, giving Lunalite a controlling interest in XTD Ltd and equating to a controlling interest in the combined entity. Lunalite was thus deemed the acquirer for accounting purposes as it owned 72.51% of the consolidated entity. The acquisition of Lunalite by XTD Ltd is not deemed to be a business combination, as XTD Ltd is not considered to be a business under AASB 3 Business Combinations.

As such the consolidation of these two companies was on the basis of the continuation of Lunalite with no fair value adjustments, whereby Lunalite was deemed to be the accounting parent. Therefore the most appropriate treatment for the transaction was to account for it under AASB 2 'Share Based Payments', whereby Lunalite is deemed to have issued shares to XTD Ltd Shareholders in exchange for the net assets held by XTD Ltd.

In this instance, the value of the XTD Ltd shares provided has been determined as the notional number of equity instruments that the shareholders of Lunalite would have had to issue to XTD Ltd to give the owners of XTD Ltd the same percentage ownership in the combined entity. This has been deemed to be \$5,971,651.

The pre-acquisition equity balances of XTD Ltd are eliminated against this increase in Share Capital of \$5,971,651 on consolidation and the balance is deemed to be the amount paid for the listing status of XTD Ltd, being \$5,616,010 (recognised as a share based payment in the statement of profit or loss). This is tabled below.

	\$
Deemed Share-based payment	5,971,651
Net fair value in XTD Ltd at acquisition date	(355,151)
Listing expense	5,616,500

The equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of XTD Ltd, including the equity instruments issued by XTD Ltd to effect the acquisition.

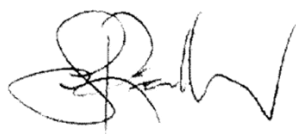
The results for the year ended 30 June 2015 comprise the results of Lunalite International Pty Ltd, and the results of XTD Ltd subsequent to the acquisition.

In the opinion of the Directors of XTD Limited (the "Company"):

1. The attached consolidated financial statements, notes thereto and the additional disclosures included in the Directors' Report designated as audited are in accordance with the Corporations Act 2001, including:
 - (a) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
 - (c) the financial statements also complies with International Financial Reporting Standards as disclosed in note 2(a) to the financial statements.
2. There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

On behalf of the Directors



**Mr Stuart Richardson
Non-Executive Director
Perth, Western Australia
30 August 2016**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XTD LIMITED

Report on the Financial Report

We have audited the accompanying financial report of XTD Limited (the Company) and controlled entities (consolidated entity), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Opinion

In our opinion:

- (a) the financial report of XTD Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

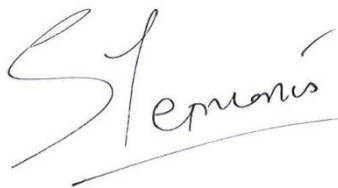
We have audited the Remuneration Report included in pages 8 to 15 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of XTD Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.



PKF MACK



SIMON FERMANIS
PARTNER

30 AUGUST 2016
WEST PERTH,
WESTERN AUSTRALIA

The following additional information was applicable as at 9 August 2016.

There are a total of 132,986,077 ordinary fully paid shares on issue.

DISTRIBUTION OF SHARE HOLDERS

Distribution of Holders	Number of Fully Paid Ordinary Shareholders
1 – 1,000	172
1,001 – 5,000	276
5,001 – 10,000	175
10,001 – 100,000	570
100,001 and above	150
TOTAL	1,343

VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

- (a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

RESTRICTED SECURITIES

The following securities are currently subject to ASX escrow:

- 23,151,453 ordinary shares held in escrow until 22/12/2016.
- 4,050,011 Class C Performance shares held in escrow until 22/12/2016.
- 13,500,033 Class D Performance shares held in escrow until 22/12/2016.

ASX Listing Rule 4.10.19 Confirmation

Pursuant to ASX Listing Rule 4.10.19 XTD confirms that from the period of reinstatement of 23 December 2014 to 30 June 2016 the Company used its cash and assets in a form readily convertible into cash, in line with its stated business objectives.

SHARE BUY-BACKS

There is no current on-market buy-back scheme.

SUBSTANTIAL SHAREHOLDERS

The name of the substantial shareholders and the number of shares to which they are entitled are:

F.H.C. Wilson Pty Ltd	12,718,137 (9.56%)
Keneric Nominees Pty Ltd	7,189,390 (5.41%)
Mr Steven Wildisen	7,332,641 (5.51%)
Mark Niutta	6,880,518 (5.17%)

TWENTY LARGEST SHARE HOLDERS (As at 9 August 2016)

No.	Name		Number Held	Percentage
1	F.H.C. WILSON PL	FHC & BH WILSON S/	12,718,137	9.56%
2	KENERIC NOM PL	B&C GAVRANICH FAM	7,189,390	5.41%
3	WILDISEN STEVEN	-	7,332,641	5.51%
4	HURLEY FRANK	MAYACARA INV A/C	6,136,835	4.61%
5	J P MORGAN NOM AUST LTD	-	6,000,001	4.51%
6	MARK NIUTTA PL	MARK NIUTTA FAM A/	4,201,689	3.16%
7	HSBC CUSTODY NOM AUST LTD	-	3,611,592	2.72%
8	BYRNE JASON CHRISTOPHER	-	2,175,000	1.64%
9	AZURE CAP INV PL	-	2,143,385	1.61%
10	FERNLAND HLDGS PL	CELATO A/C	2,100,000	1.58%
11	WISEUP INV PL	DELTA A/C	2,068,418	1.56%
12	NATIONAL NOM LTD	-	2,000,000	1.50%
13	MARK NIUTTA PL	MARK NIUTTA S/F A/	1,842,172	1.39%
14	WILDISEN GREGORY JOSEPH	-	1,835,845	1.38%
15	STEPHENS B O + E J	STEPHENS GRP S/F A	1,738,826	1.31%
16	STEPHENS GRP PL	-	1,700,000	1.28%
17	TOLL JOHN HENRY	TOLL FAM DISCRETIO	1,595,505	1.20%
18	CCK WA PL	ET&CM ATHERTON S/F	1,581,004	1.19%
19	SG HISCOCK & CO	-	1,500,006	1.13%
20	CHASE BUSINESS CONS PL	CHASE SUPER FUND	1,275,004	0.96%
Sub-Total			70,461,367	53.06%
Total Remaining Balance			62,424,710	46.94%
Grand Total			132,986,077	100.00%

OTHER INFORMATION

XTD Limited, incorporated and domiciled in Australia, is a public listed Company limited by Shares.