VIVID TECHNOLOGY LIMITED

ACN 120 710 625
AND CONTROLLED ENTITIES

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2018.

Rule 4.2A.3

Appendix 4D

Half-Year Report for the six months to 31 December 2018

Name of entity:	VIVID TECHNOLOGY LIMITED
ABN or equivalent company reference:	120 710 625

1. Reporting period

Report for the half-year ended:	31 December 2018
Previous corresponding periods:	Financial year ended 30 June 2018 Half - year ended 31 December 2017

2. Results for announcement to the market

Revenues from ordinary activities *(item 2.1)*	down	23.8%	to	$2,899,381
Loss from ordinary activities after tax attributable to members (*item 2.2*)	up	123.9%	to	$4,859,738
Net loss for the period attributable to members *(item 2.3)*	up	123.9%	to	$4,859,738

Dividends *(item 2.4)*	Amount per security	Franked amount per security
Interim dividend	nil¢	nil¢
Final dividend	nil¢	nil¢
Previous corresponding period	nil¢	nil¢
Record date for determining entitlements to the dividend *(item 2.5)*	Not applicable.	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood *(item 2.6)*:

The consolidated loss after income tax attributable to the members of Vivid Technology Limited ("the Company or Group") was $4,859,738 (2017: $2,170,358 loss).

On a normalised basis, should the 'one-off' items identified below have not been recorded, the adjusted revenues from ordinary activities would have been $3,499,396 compared to $3,805,591 in the previous corresponding period (PCP) and the adjusted loss would have been $2,247,585 compared to a loss of $2,170,358 in the PCP.

The loss has been impacted by one-off items including a Research and Development cash rebate (R&D rebate) of $600,015 which was received post balance date compared to prior year, along with a Goodwill impairment of $2,012,138 as part of business restructuring of Vivid Ilumalite as detailed below. This impact totalled $2,612,153.

The Company has significantly expanded is product range and actively planned for an expansion of its smart intelligent lighting products, across both the commercial and industrial sectors. As part of positioning the business in readiness, the Group has moved to restructure its operations across its Energy and Efficiency segment which will see the Group's operations associated with Vivid Ilumalite (acquired in 2016) absorbed into the Group's redefined intelligent energy efficiency offerings, segregated between Industrial and Commercial operations.

This internal restructure will result in the Group reporting a one-off (non-cash) expense of $2,012,138 related to the IFRS accounting write-down of the intangible asset (Goodwill) associated with Vivid Ilumalite.

Further details are set out in the Review of Operations section of the Directors' Report and half-year accounts attached to this Appendix 4D.

3. Net tangible assets per security *(item 3)*

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	(0.2) cents	0.7 cents

4. Details of entities over which control has been gained or lost during the period: *(item 4)*

Control gained over entities

Name of entities *(item 4.1)*	Not applicable
Date(s) of gain of control *(item 4.2)*	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired *(item 4.3)*	$
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 4.3)*	$

Loss of control of entities

Name of entities *(item 4.1)*	Not applicable
Date(s) of loss of control *(item 4.2)*	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost *(item 4.3).*	$
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 4.3)*	$

5. Dividends *(item 5)*

	Date of payment	Total amount of dividend
Interim dividend year ended 31 December 2018	Not applicable	$nil
Final dividend year ended 31 December 2018	Not applicable	$nil

Amount per security

		Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend:	Current year	nil¢	nil ¢	nil ¢
	Previous year	nil¢	nil ¢	nil ¢

Total dividend on all securities

	Current period $A'000	Previous corresponding Period - $A'000
Ordinary securities *(each class separately)*	nil	nil
Preference securities *(each class separately)*	nil	nil
Other equity instruments *(each class separately)*	nil	nil
Total	nil	nil

6. Details of dividend or distribution reinvestment plans in operation are described below *(item 6)*:

The company does not currently have a dividend reinvestment plan.

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	Not applicable.

7. Details of associates and joint venture entities *(item 7)*

Name of associate or joint venture entity	%Securities held
NCF Global Pty Ltd	50%
PT Geopower Indonesia	40%

Aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	2018 $	2017 $
Profit (loss) from ordinary activities before tax	(538,919)	(598,953)
Income tax on ordinary activities	-	-
Net profit (loss) from ordinary activities after tax	(538,919)	(598,953)
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	(177,843)	(197,654)

8. The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached).

9. Independent review of the financial report *(item 9)*

The financial report is subject to an independent review statement that contains a disclaimer of opinion, details of which are set out in the independent review statement accompanying and forming part of this report.

Vivid Technology Limited

ACN: 120 710 625
and controlled entities

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2018

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2018

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

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

The Directors present their report together with the condensed financial report of the consolidated entity consisting of Vivid Technology Limited (the Company) and its controlled entities (the Group), for the half-year ended 31 December 2018 and independent review report thereon.

Directors

The names of Directors in office at any time during or since the end of the half-year are:

Name	Period of Directorship
Charles Macek	Director since 3 December 2015
Leslie Butterfield	Director from 1 May 2016
John T Kopcheff	Director since 13 July 2006
Samuel R Marks	Director since 1 July 2012
Philip Zajac	Director since 4 September 2014
Elizabeth Aris	Director since 23 October 2018

The Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

KEY HIGHLIGHTS

The range of growth activities over the past half-year highlights the continued successful execution of our Strategic Plan to move Vivid Technology from start-up to scale-up as highlighted below:

- Qualified pipeline of over $7.5million in expected sales orders to realise in 2H19, out of a total qualified pipeline of potential sales orders over $20million

- Exciting expansion of the business activities into agribusiness with an initial focus on medicinal cannabis

- Significant expansion of our product range and activity rolling out across commercial and industrial sectors

- Recent signing of a National Distribution Agreement with Middendorp Electric Co Pty Ltd (MIDDY'S)

- To 31 December 2018, Vivid Technology has removed over 36,768 tonnes of CO_2 from the environment and saved its customers over $5.5million in energy cost savings

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

STRATEGIC GROWTH INITIATIVES

In the period under review, the Group continued its investment in growth initiatives, driving opportunities for success locally and internationally, whilst increasing its capabilities in the energy efficiency business unit. The result reaffirms the Group's investment in:

- The development of local and international partners and client relationships across our service portfolios to widen the paths to market;
- Research & development with a focus on evolving technologies and product cost out initiatives;
- Evolution of new and enhanced product range;
- Agribusiness with a focus on medicinal cannabis; and
- Expansion opportunities, including overseas markets.

Vivid has also actively sought to leverage its existing expertise in Industrial intelligent lighting to develop an economically viable solution to replicate this capability across its commercial lighting range. Over the past 12 months, working with large international Companies, Vivid has developed a commercial version of Matrixx intelligent technology, which delivers the required energy savings and functionality to customers. In addition, the Company extended its Industrial MATRIXX product family to reach to a wider range of buildings and customers, further increasing the addressable size of the market for the Company.

The Company's technology investment in NewCO2fuels progressed towards its commercialisation phase, with immaterial ongoing investment by Vivid Technology to assist in identifying the right capital investment partner. It is the Company's intention to divest NCF into a separate entity, allowing Vivid Technology to focus fully on executing its corporate strategy to profitably scale its core intelligent energy efficiency business globally.

EXPANSION INTO AGRIBUSINESS/MEDICINAL CANNABIS MARKET

The Company has expanded its footprint of commercial involvement into the rapidly growing horticultural lighting market segment including several prospective commercial relationships with industry leaders in the medicinal cannabis sector. Whilst this is early stage, the platform is being set for the Company to have a material involvement in both the domestic and prospectively, international controlled environment horticulture industry.

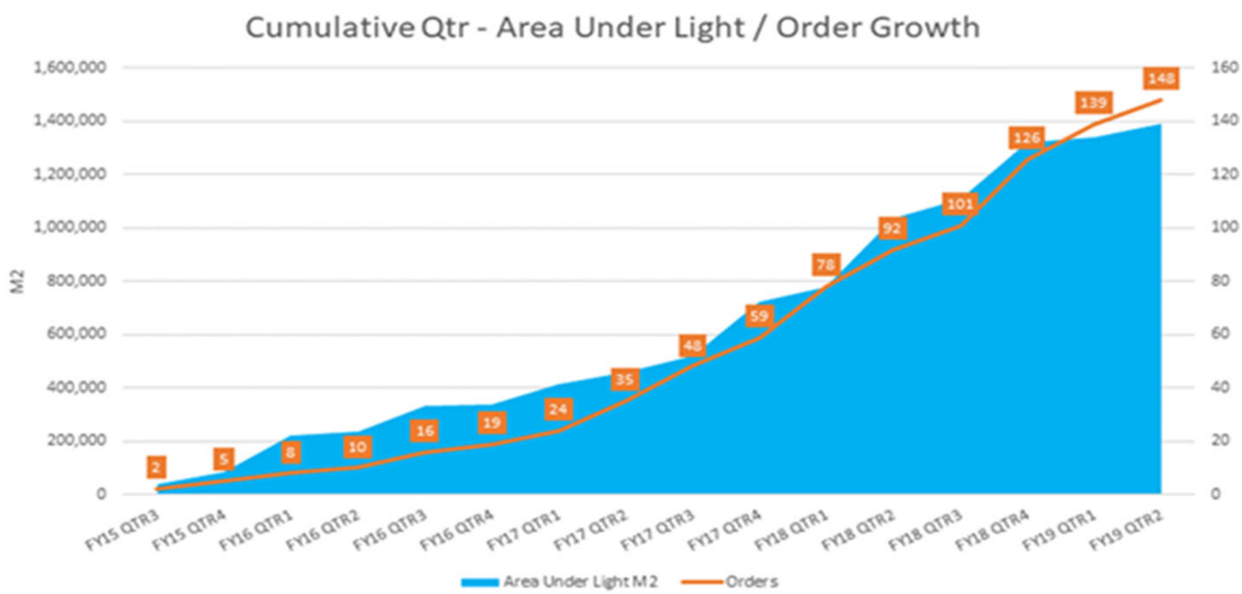
The Company's product range and lighting expertise is being leveraged to provide a compelling energy efficient and differentiated product fit for this new market segment. This new segment is seen as a natural and evolutionary step in the continuing development of the Company's intelligent lighting system and plays directly to Vivid Technology's technical expertise and capability as a market innovator.

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

CONTINUED ORDER GROWTH

While there was a delay in orders over the last half-year due to timing delays of large customers with internal customer approvals & operational windows, the Company has a qualified pipeline of over $7.5million in expected sales orders to realise in 2H19, out of a total qualified pipeline of potential sales orders over $20million. This will allow the Company to successfully execute on its corporate strategy to profitably scale up the business.

The cumulative success in fulfilling orders has resulted in Vivid Technology having over 1,393,650 m^2 of lighting area installed / managed to-date, across a range of large blue-chip Companies in differing market segments ranging from FMCG, Logistics, Facilities Management, Retail and Aged Health Care facilities. This represented a 35% growth over the same comparable period HY18 (1,035,599 m^2).



REVIEW OF OPERATIONS

The consolidated loss of the Group for the half-year after providing for income tax amounted to $4,859,738 (2017: $2,170,358 loss).

The loss has been impacted by one-off items including a Research and Development cash rebate (R&D rebate) of $600,015 which was received post balance date compared to prior year, along with a Goodwill impairment of $2,012,138 as part of business restructuring of Vivid Ilumalite as detailed below. This impact totalled $2,612,153.

The Group's expected Research and Development rebate of $600,015 was received subsequent to the end of the reporting period. In the previous corresponding period ('PCP'), the rebate of $624,787 was received within the half year reporting period.

REVIEW OF OPERATIONS (continued)

On a normalised basis, should the 'one-off' items have not been recorded, the adjusted loss would have been $2,247,584 compared to a loss of $2,170,358 in the PCP.

Sales revenues for the first half of 2019 was $2,776,107, a reduction of 7.8% from PCP of $3,013,509, reflecting the timing of revenue recognition and expected customer sales orders being delayed. Conversely, management focused on instituting cost reductions during the period, reducing operating costs across the Company via stream-lining processes across its operations for local and international growth. Operating costs (excluding cost of sales, depreciation and finance costs) decreased by 10.3% from $3,804,088 to $3,401,644 for 1H19.

FINANCING

During the period under review, the Company finalised a working capital facility, replacing the former MoneyTech facility, via the issuance of $2.8 million in convertible notes to sophisticated investors in two separate tranches. Further, on 12 February 2019 the Company announced the completion of an Equity Placement and Share Purchase Plan offer raising a total of $2.07 million before costs. Notwithstanding the then prevailing market conditions, this is testament to the underlying strength of the existing core business and the Board thanks our current and new shareholders for their support.

BUSINESS RESTRUCTURE

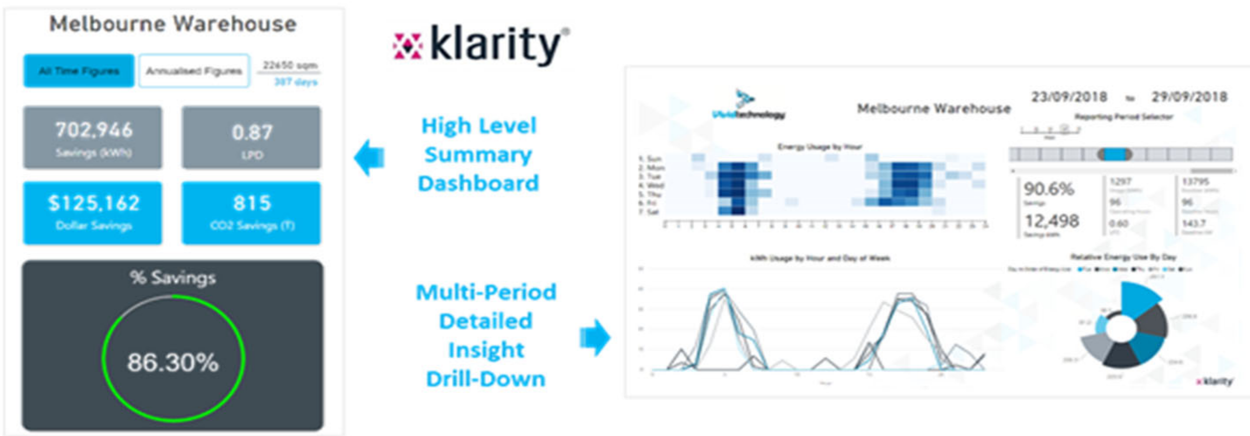
The Company has significantly expanded its product range and actively planned for an expansion of its smart intelligent lighting products, across both the commercial and industrial sectors. As part of positioning the business in readiness, the Group has moved to restructure its operations across its Energy and Efficiency segment which will see the Group's operations associated with Vivid Ilumalite (acquired in 2016) absorbed into the Group's redefined intelligent energy efficiency offerings, segregated between Industrial and Commercial operations. This internal restructure will result in the Group reporting a one-off (non-cash) expense of $2,012,138 related to the IFRS accounting write-down of the intangible asset (Goodwill) associated with Vivid Ilumalite.

As part of this internal restructure, the business will no longer separately report Vivid Ilumalite internally and will also seek to target customers and strategic relationships for 'smart commercial' projects. The Group will continue to service our existing customers with emphasis on working with our strategic partners to build on a pipeline of smarter commercial opportunities.

DELIVERING TANGIBLE CUSTOMER SAVINGS

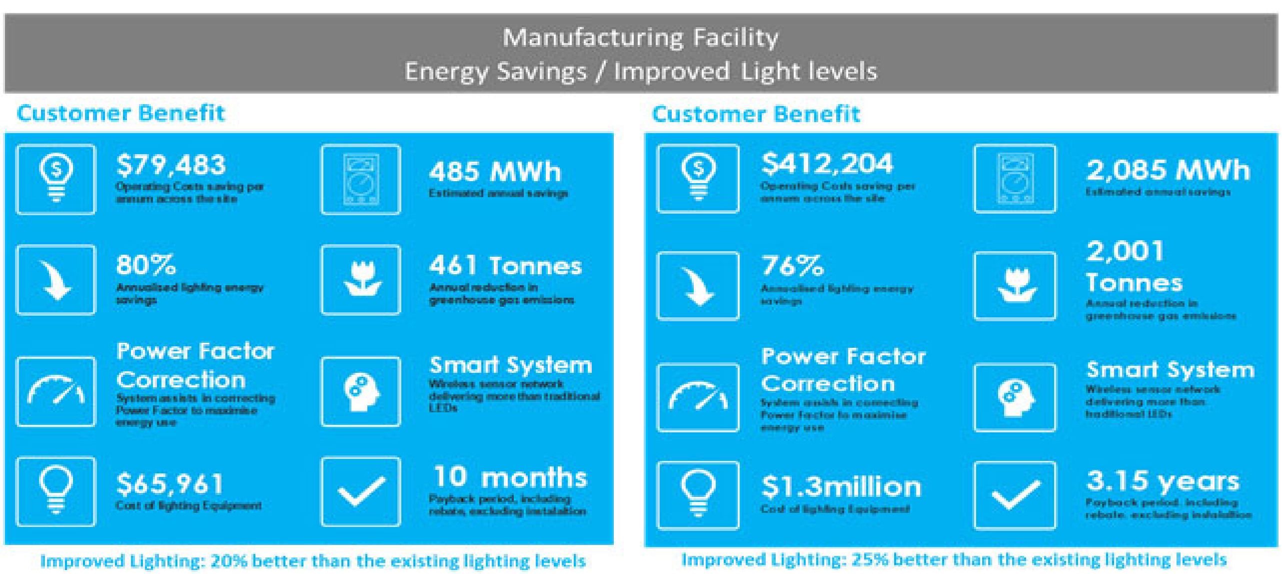
Vivid Technology's order growth is linked to the Company's approach to partnering with customers to achieve tangible and verifiable savings. The main differentiation is the ability to directly measure and verify customer savings, providing a long-term service contract to customers with reporting and updates on a regular and ongoing basis, rather than the current industry standard to "install and move on".
Utilising its Klarity® analytical reporting capability, MATRIXX customers are able to see in real-time, the actual quantifiable saving that the installed system is delivering, across a range of metrics and with multi-period granularity.

DELIVERING TANGIBLE CUSTOMER SAVINGS (continued)



Vivid Technology Software Platform developed and installed across the Matrixx System Range of products

The below savings example is of two Fortune 500 Company sites in Australia. It is indicative across a range of different sized customer sites and market segments (It is worth noting that the energy savings were directly realised by customers, whilst also improving existing lighting levels by more than 20%).

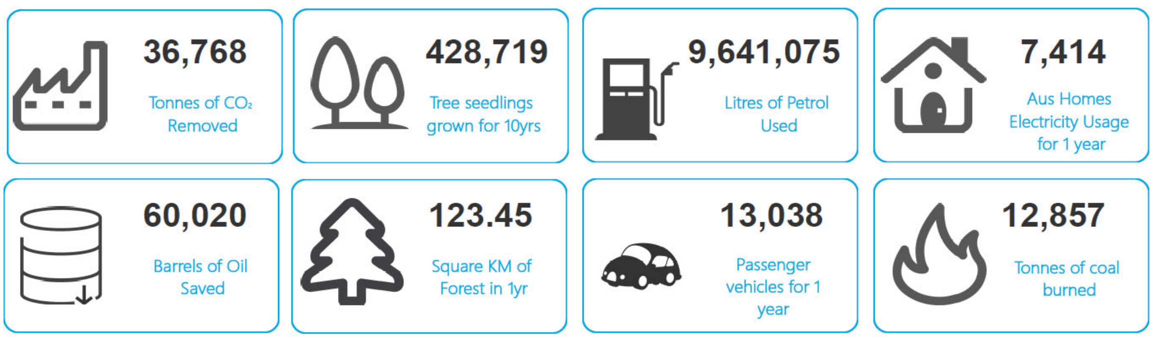


Cumulative as at 31 December 2018, Vivid Technology has saved its customers over 36,664,563 Kwh of energy, equivalent to over $5.5million in energy cost savings (assuming an AUD$0.15c tariff). This is tangible, direct to the bottom line savings for our customers.

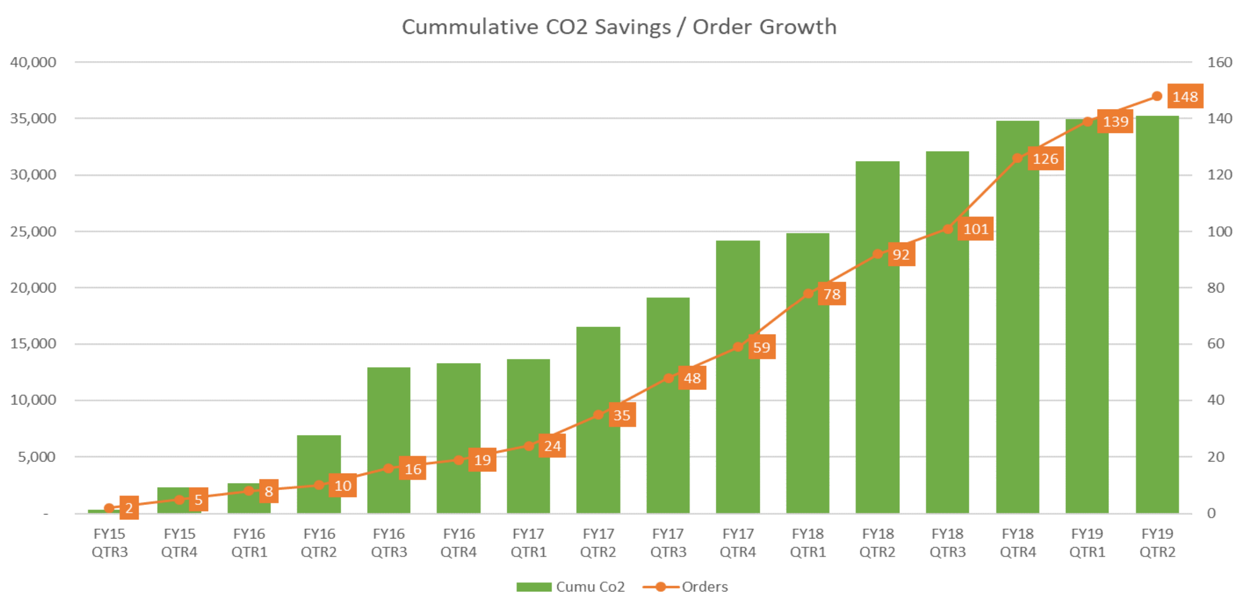
DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

DELIVERING TANGIBLE CUSTOMER SAVINGS (continued)

Vivid Technology has prouldly saved **36,664,563 kWh** which equates to:



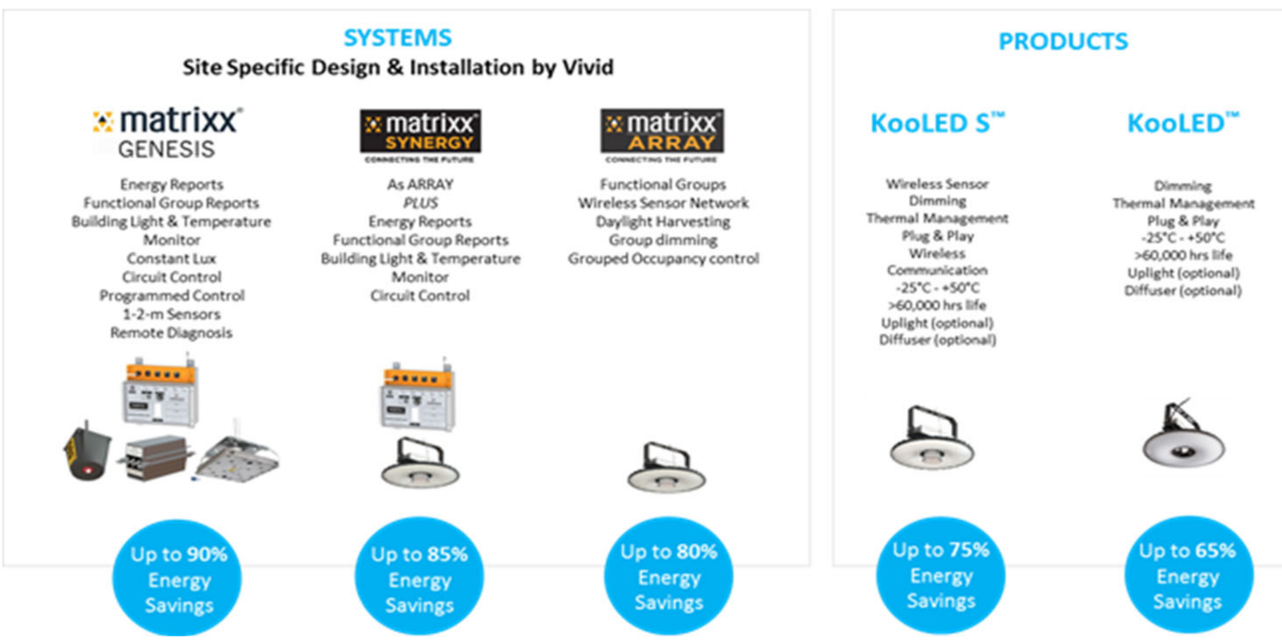
From an environmental sustainability perspective this 36,664,563 Kwh of energy equates to over 36,768 tonnes of CO2 removed from the environment and further highlights Vivid Technology's capabilities.



NEW PRODUCT RANGE EXTENSION

To further extend the addressable market, over the last six months the Company finalised R&D and launched an expanded MATRIXX family by developing two new system offerings and a new product range, KooLED. The new systems (Synergy® and Array®) are part of the Matrixx family, and were designed to cater for a larger breadth of customer needs, extending the benefits of the Company's technology to additional buildings where our initial Matrixx Genesis product offering exceeded their requirements. Unlike any other industrial lighting product in the world, the Matrixx Synergy and Matrixx Array provide a scalable and upgradeable path for making the building and system more intelligent in the future as the customers' requirements evolve.

The new products under the KooLED range are aimed at the "One-for-One" replacement market. The new 'KoolLED' range provides a base entry solution but continues to represent a "best in class" replacement product, leveraging Vivid Technology's expertise in lighting design, all at a competitive price point.



CUSTOMER/ CHANEL PARTNERSHIP

In order to support continuing order growth, Vivid Technology has looked to leverage both its large blue-chip customer base and new channel partners to continue to grow the business.

The Company's Coca-Cola Amatil (CCA) preferred partner relationship has yielded strong success and is expected to continue to grow as the Companies work together to identify opportunities for lighting / technology upgrades across the CCA portfolio both domestically and internationally.

CUSTOMER/ CHANEL PARTNERSHIP (continued)

Since signing the agreement with Origin, traction is building around the sale of the Company's MATRIXX systems under its "Lighting Flex" brand. The opportunity associated with this relationship is large and is fully supported by both Vivid Technology and Origin's management.

The Company is also in discussions with new national and international distribution partners who have expressed interest in distributing a select range of the Company's products. This opportunity will allow the Company to develop an adjacent revenue stream, independent of selling directly to customers which is less subject to timing of purchase decisions and provides a quickly scaled opportunity across a broader customer range. The opportunity will also increase visibility of Vivid Technology products in local and international markets

To this effect, post balance date, Vivid Technology announced it has signed a National Distribution Agreement with Middendorp Electric Co Pty Ltd (MIDDY'S), a well-established distributor of electrical and communication products with over 90 branches across Australia (refer Vivid Signs National Distribution Agreement with MIDDYs - ASX 19th February 2019). This distribution agreement leverages the experience and capability of a well-established and trusted industry distributor with Vivid Technology's pedigree of providing end customers with quality energy efficient products and services.

Feedback to Vivid Technology from international strategic partnerships continues to provide significant opportunities for multi-national companies to differentiate themselves from their peers by installing Vivid Technology's systems to their own global customer base under Vivid Technology's brands, or their own via "white labelling" the product range.

NCF

Vivid Technology remains focused on realising the NCF investment in the near term via a strategic partner / investor who will assist NCF to complete the commercialisation stage of the technology for global opportunities. The Company is also reviewing current opportunities to licence the technology to various parties across who can market, sell and develop the technology on a global scale.

During 1H19, the Company looked to finalise this potential investment with Asian investors into NCF, in which Vivid has an effective 33.3% interest holding.

It is the Company's strategic objective to have NCF commercialised and spun off into a separate entity, allowing Vivid Technology to focus fully on executing its corporate strategy to profitably scale its core intelligent energy efficiency business globally.

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the half-year under review not otherwise disclosed in this report or the financial statements.

SUBSEQUENT EVENTS

Subsequent to the end of the reporting period, the company announced on 12 February 2019, the completion of a Share Purchase Plan (SPP) offer for fully paid ordinary shares to existing shareholders, raising $0.21 million. Combined with the previous Equity Placement to sophisticated investors announced on 19 December 2018, the company has raised a total of $2.066 million (before costs) from the recent Capital Raising initiatives.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is provided with this report.

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the financial report have been rounded to the nearest dollar.

Signed in accordance with a resolution of the Directors.

Charles Macek
Chairman

Samuel R Marks
Managing Director

Vivid Technology Limited
Dated this 28th day of February 2019
Melbourne

PITCHER PARTNERS

VIVID TECHNOLOGY LTD
ACN 120 710 625
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF VIVID TECHNOLOGY LTD

In relation to the independent auditor's review for the half-year ended 31 December 2018, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of Vivid Technology Ltd and the entities it controlled during the period.

B POWERS
Partner

28 February 2019

PITCHER PARTNERS
Melbourne

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

		Half-year	
		31 December 2018	31 December 2017
	Notes	$	$
Revenue and other income			
Sales revenue		2,776,107	3,013,509
Other income	4	123,274	792,082
		2,899,381	3,805,591
Less: Expenses			
Employee benefits expenses		(2,186,473)	(1,968,097)
Costs incurred in the sale of inventories		(1,989,478)	(1,895,627)
Depreciation and amortisation expenses		(49,707)	(42,033)
Finance costs		(119,309)	(36,547)
Accounting and audit expenses		(84,172)	(104,639)
Marketing and promotion expenses		(90,495)	(221,279)
Rent and occupancy expenses		(153,878)	(152,669)
Consulting expenses		(106,253)	(243,666)
Administrative expenses		(687,672)	(932,637)
Other expenses		(101,701)	(181,101)
Impairment of non-current assets	7	(2,012,138)	-
TOTAL EXPENSES		(7,581,276)	(5,778,295)
Share of (loss) of associates accounted for using the equity method		(177,843)	(197,654)
LOSS BEFORE INCOME TAX EXPENSE		(4,859,738)	(2,170,358)
Income tax expense		-	-
LOSS FOR THE HALF-YEAR		(4,859,738)	(2,170,358)
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR		(4,859,738)	(2,170,358)
Loss is attributable to:			
Members of Vivid Technology Limited		(4,859,738)	(2,170,358)
Non-controlling interests		-	-
		(4,859,738)	(2,170,358)
Earnings per share for loss attributable to the equity holders of the parent entity:			
Basic loss per share (cents per share)		(1.01)	(0.46)
Diluted loss per share (cents per share)		(1.01)	(0.46)

The accompanying notes form part of these condensed financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Notes	31 December 2018 $	30 June 2018 $
Current assets			
Cash and cash equivalents		1,147,893	605,747
Receivables	5	766,159	1,123,678
Inventories		827,569	1,024,746
Other financial assets		109,124	54,124
Other current assets		159,522	393,152
TOTAL CURRENT ASSETS		3,010,267	3,201,447
Non-current assets			
Receivables	5	1,211,718	1,126,533
Equity accounted investments	6	959,954	1,137,797
Property, plant and equipment		219,346	198,107
Intangible assets	7	94,848	2,120,622
TOTAL NON-CURRENT ASSETS		2,485,866	4,583,059
TOTAL ASSETS		5,496,133	7,784,506
Current liabilities			
Payables		1,975,927	2,827,948
Borrowings	8	159,871	575,788
Income in advance		586,567	1,309,708
Provisions		439,922	423,845
Other current liabilites	9	195,833	-
TOTAL CURRENT LIABILITIES		3,358,120	5,137,289
Non-current liabilities			
Borrowings	8	2,845,411	55,753
Provisions		122,782	146,254
TOTAL NON-CURRENT LIABILITIES		2,968,193	202,007
TOTAL LIABILITIES		6,326,313	5,339,296
NET ASSETS		(830,180)	2,445,210
Equity			
Share capital	10	38,439,944	36,855,596
Reserves		183,127	610,316
Accumulated losses		(39,412,914)	(34,980,365)
EQUITY ATTRIBUTABLE TO THE OWNERS OF VIVID TECHNOLOGY LIMITED		(789,843)	2,485,547
Non-controlling interest		(40,337)	(40,337)
TOTAL EQUITY		(830,180)	2,445,210

The accompanying notes form part of these condensed financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Share Capital	Reserves	Accumulated Losses	Non-controlling interest	Total Equity
	$	$	$	$	$
Consolidated					
BALANCE AT 1 JULY 2018	36,855,596	610,316	(34,980,365)	(40,337)	2,445,210
Loss for the half-year	-	-	(4,859,738)	-	(4,859,738)
TOTAL LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR	-	-	(4,859,738)	-	(4,859,738)
Transactions with owners in their capacity as owners					
Contributions	1,681,201	-	-	-	1,681,201
Costs of raising capital	(96,854)				(96,854)
Transfer from reserves	-	(427,189)	427,189	-	-
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	1,584,348	(427,189)	427,189	-	1,584,348
BALANCE AT 31 DECEMBER 2018	38,439,944	183,127	(39,412,914)	(40,337)	(830,180)
BALANCE AT 1 JULY 2017	35,205,628	677,458	(29,872,235)	(40,337)	5,970,514
Loss for the half-year	-	-	(2,170,358)	-	(2,170,358)
TOTAL LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR	-	-	(2,170,358)	-	(2,170,358)
Transactions with owners in their capacity as owners					
Contributions	1,946,121	-	-	-	1,946,121
Costs of raising capital	(296,153)	165,600			(130,553)
Transfer from reserves	-	(287,100)	287,100	-	-
Equity based payments	-	33,554	-	-	33,554
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	1,649,968	(87,946)	287,100	-	1,849,122
BALANCE AT 31 DECEMBER 2017	36,855,596	589,512	(31,755,493)	(40,337)	5,649,278

The accompanying notes form part of these condensed financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Half-year	
	31 December 2018	31 December 2017
	$	$
Cash flow from operating activities		
Receipts from customers	2,796,843	5,762,156
Payments to suppliers and employees	(6,101,046)	(5,684,473)
Research and development rebates received	-	624,787
Interest received	1,106	4,329
Interest and other costs of finance paid	(19,106)	(28,103)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	(3,322,203)	678,696
Cash flow from investing activities		
Purchase of property, plant and equipment	(79,458)	(10,404)
Loans to related entities	(40,523)	(314,985)
Payments for bonds and deposits	(109,124)	54,124
Proceeds from matured bonds and deposits	54,124	(54,124)
NET CASH USED IN INVESTING ACTIVITIES	(174,981)	(325,389)
Cash flow from financing activities		
Proceeds from borrowings	2,969,413	659,221
Repayment of borrowings	(695,876)	(332,602)
Proceeds from issues of ordinary shares	1,846,201	1,946,121
Capital raising costs	(80,408)	(234,175)
NET CASH PROVIDED BY INVESTING ACTIVITIES	4,039,330	2,038,565
NET INCREASE IN CASH AND CASH EQUIVALENTS	542,146	2,391,872
Foreign exchange differences on cash holdings	-	250
Cash and cash equivalents at beginning of the half-year	605,747	1,514,246
CASH AND CASH EQUIVALENTS AT END OF THE HALF-YEAR	1,147,893	3,906,368

The accompanying notes form part of these condensed financial statements.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2018

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by Vivid Technology Limited during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001* .

This condensed half-year financial report covers Vivid Technology Limited (the Company), and controlled entities (the Group) as a consolidated entity. Vivid Technology Limited is a company limited by shares, incorporated and domiciled in Australia. The address of Vivid Technology Limited's registered office and principal place of business is Level 2E, Victoria Harbor Promenade, Docklands, Victoria. Vivid Technology Limited is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the Directors as at the date of the Directors' report.

(a) Basis of preparation and significant accounting policies

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting,* as appropriate for for-profit entities, and the *Corporations Act 2001.* Compliance with *AASB 134,* as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.*

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2018 and the corresponding half-year.

In the current period, the consolidated entity has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2018.

(b) Amendments to Accounting Standards that are effective for the current reporting period

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant include:

AASB 9: Financial Instruments

This new standard contains significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value.

(b) Amendments to Accounting Standards that are effective for the current reporting period (continued)

AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. In the current reporting period, the group did not recognise any amounts in other comprehensive income in relation to the movements in the fair value of available for sale financial assets, which are not held for trading.

The new standard has not had a material impact on the Group's accounting for financial liabilities.

AASB 15: Revenue from contracts with customers

AASB 15 introduces a five step process for revenue recognition to depict the transfer of goods or services to customers in amounts that reflect the consideration the entity expects to be entitled to. This involves identifying the performance obligations in relation to customer contracts, and recognising revenue allocated to each performance obligation when it is satisfied.

Management has completed a review of the types of contracts entered into during the period, and the categories of revenue received. Upon adopting the new standard in the current reporting period, management has not identified any adjustments that would be required to the revenue that has been recognised to date under the previous applicable Standards. Management is satisfied that the processes and systems used to identify, record and report contract balances are adequate.

(c) New Accounting Standards and Interpretations not yet mandatory or early adopted

AASB 16: Leases

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The accounting model for lessees will require lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets. AASB 16 applies to annual periods beginning on or after 1 January 2019. The application of AASB 16 is not expected to have a material impact on the consolidated financial statements in relation to obligations or commitments present at balance date. The Group has one existing lease which extends beyond 12 months from 31 December 2018. The fair value of the lease would be capitalised and the future value of repayments recorded as a liability under AASB 16. The fair value of the lease is estimated to be similar to the total lease value. Therefore, the treatment of this lease in accordance with AASB 16 would not significantly impact the results of the Group as amortisation costs would be similar to the lease payment amounts.

The Group will adopt this standard from 1 July 2019.

Other standards and interpretations have been issued at the reporting date but are not yet effective. When adopted, these standards and interpretations are likely to impact on the financial information presented. However, the assessment of the impact has not yet been completed.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2018

(d) Going Concern

The Directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

After writing off in full the goodwill balance related to the Ilum-a-lite Pty Ltd Cash Generating Unit (CGU), the Group incurred a net loss for the half-year of $4,859,738 (2017: $2,170,358 loss). The Group's current ratio, which considers the current total assets of the Group relative to the Group's current total liabilities showed a deficiency of $347,853 (30 June 2018: deficiency $1,935,842).

The Directors have concluded that the going concern basis is appropriate, based on analysis of the Group's internal cash flow forecasts which include expected future cash flows over the next 12 months from a combination of orders from customers and capital raises. These forecasts contain certain assumptions in relation to the short-term development of the business, including the expected future revenue and profitability of its energy efficiency segment, and are based on currently available information including management assessments of probable future orders and other information.

The cash flow forecast assumes that planned capital funding initiatives are successfully completed as planned. The Directors are of the opinion that the Group is capable of achieving the planned initiatives to be able to meet its cash flow requirements over the next 12 months.

Executed capital funding

On 12 February 2019, the group announced that it had completed a Share Purchase Plan offer raising $0.21 million and when combined with a previous Equity Placement to sophisticated investors announced on 19 December 2018, the company raised a combined total of $2.066 million (before costs) from the recent Capital Raising initiatives.

Planned capital funding

In addition to capital raising initiatives, the Board has approved plans to raise an additional $5 million over the next twelve months as part of the Group's Capital Management Strategy of which approximately $1.5 million would be required in the near term to meet current plans and commitments before the end of the 2019 financial year.

In addition to the above funding initiatives, subsequent to period end, the Group received its Research and Development tax offset cash rebate of $600,015 providing further cash resources for the business to meet its cash flow requirements.

If the Group is unable to secure the required additional funding to trade as forecast or the actual outcomes differ significantly from the assumptions used, the Group may need to take measures to conserve and secure cash flow. Such measures may include adjusting its operating capital requirements and costs, raising additional capital, and other funding initiatives such as expanding revenue streams and commercialisation of other energy efficiency technologies.

(d) Going Concern (continued)

The financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the consolidated entity be unable to trade as forecast or to secure sufficient funding to continue as a going concern. If the going concern basis of accounting is found to no longer be appropriate, the recoverable amount of the assets shown in the Condensed Consolidated Statement of Financial Position are likely to be significantly less than the amounts disclosed and the extent of liabilities may differ significantly from those reflected.

(e) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2018

NOTE 2: DIVIDENDS

No dividends have been paid or provided for during the half-year.

NOTE 3: SEGMENT INFORMATION

(a) Description of segments

The Group has three reportable segments. A brief description of each identified segment is detailed below. Corporate head office and administration costs are not allocated to segments. Segments include operations or projects that the Group holds, or is interested in, which operate in different geographical settings. Operations for each segment are based primarily in Australia unless otherwise noted.

Segment 1: Energy Efficiency

Vivid Technology Ltd via its subsidiaries provides intelligent and energy efficient lighting solutions to industrial and commercial businesses in Australia and the Pacific Rim. The primary route to market for this segment is via Vivid Industrial Pty Ltd and Ilum-a-Lite Pty Ltd, wholly-owned subsidiaries of the Group.

Segment 2: Technology Investment

This segment includes technology investments or projects, which Vivid Technology Ltd has either invested in but have not been fully expanded into a distinct business segment, or technologies or projects that are currently being considered. This segment includes the Group's investment in NCF Global Pty Ltd.

Segment 3: Other Investments

The segment "other investments" includes the Group's geothermal interests (including GEP 10 in the Otway Basin, as well as GEP 12 and GEP 13 in the Gippsland Basin). Included in this segment's assets is capitalised exploration and evaluation expenditure in relation to those areas of interest, which currently has a carrying amount of nil. The Group's core focus no longer includes geothermal activities.

NOTE 3: SEGMENT INFORMATION (continued)

The following table includes the disaggregation of revenue disclosures in line with *AASB 15 Revenue from Contracts with Customers* .

(b) Segment information

2018	Energy Efficiency $	Technology Investment $	Other Investment $	Total $
Segment revenue				
Total segment revenue	2,786,635	32,678	-	2,819,313
Inter-segment revenue	-	-	-	-
SEGMENT REVENUE FROM EXTERNAL SOURCE	2,786,635	32,678	-	2,819,313
Segment result				
Total segment result	(3,734,320)	(275,075)	-	(4,009,395)
Inter-segment eliminations	-	-	-	-
SEGMENT RESULT FROM EXTERNAL SOURCE	(3,734,320)	(275,075)	-	(4,009,395)
Total segment assets	1,699,871	2,210,342	-	3,910,213
Total segment liabilities	2,225,377	4,655	15,000	2,245,032

2017	Energy Efficiency $	Technology Investment $	Other Investment $	Total $
Segment revenue				
Total segment revenue	3,647,547	86,802	-	3,734,349
Inter-segment revenue	-	-	-	-
SEGMENT REVENUE FROM EXTERNAL SOURCE	3,647,547	86,802	-	3,734,349
Segment result				
Total segment result	(1,231,696)	(379,690)	-	(1,611,386)
Inter-segment eliminations				-
SEGMENT RESULT FROM EXTERNAL SOURCE	(1,231,696)	(379,690)	-	(1,611,386)
Total segment assets	4,724,461	2,391,586	-	7,116,047
Total segment liabilities	4,534,863	-	15,000	4,549,863

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2018

NOTE 3: SEGMENT INFORMATION (continued)

(b) Segment information (continued)

(i) Reconciliation of segment result to the condensed consolidated statement of comprehensive income

	Notes	Half-year 31 December 2018 $	Half-year 31 December 2017 $
Segment result from external source		(4,009,395)	(1,611,386)
Interest revenue		86,291	68,692
Interest expense		(119,309)	(36,547)
Depreciation and amortisation		(49,707)	(42,033)
Net foreign exchange gain/(loss)		(7,678)	(4,479)
Unallocated revenue and gains		-	6,879
Unallocated expenses		(759,940)	(551,484)
Total loss before income tax		(4,859,738)	(2,170,358)

NOTE 4: OTHER INCOME

	Half-year 31 December 2018 $	Half-year 31 December 2017 $
Research and development tax concession rebate [1]	-	624,787
Other income	123,274	167,295
	123,274	792,082

[1] Subsequent to the end of the financial reporting period, the Group received a Research & Development rebate of $600,015 on 4th February 2019.

NOTE 5: RECEIVABLES

	31 December 2018 $	30 June 2018 $
Current		
Trade receivables	693,617	932,668
Less: provision for impairment	(87,464)	(87,464)
	606,153	845,204
Receivables from other related parties	78,745	38,221
Other receivable	81,261	240,253
	766,159	1,123,678
Non current		
Loan receivable from associate	1,211,718	1,126,533
	1,211,718	1,126,533

	Notes	31 December 2018 $	30 June 2018 $

NOTE 6: EQUITY ACCOUNTED INVESTMENTS

Equity accounted investment in associated entities		959,954	1,137,797

The Group's equity accounted investment in associates relates to its effective economic interest in NewCO2Fuels Ltd of 33%. The investment is represented at balance date by a 50% interest in NCF Global Pty Ltd, which in turn holds 66% of NewCO2Fuels Ltd. The Group also has loans receivable of $1,211,718 (30 June 2018: $1,126,533) from NCF Global, which is a related entity of the Group.

Equity accounted investments in associates represents the Group's indirect investment in NewCO2Fuels Ltd (incorporated in Israel) via its investment in NCF Global Pty Ltd. Reflected in the carrying amount is $177,843 (2017: $197,654), being the Group's share of the net loss of that associate for the period.

The Group's investment in NewCO2Fuels Ltd (via NCF Global Pty Ltd) is represented in these financial statements by:

	Notes	31 December 2018 $	30 June 2018 $
Loan receivable from associate	5	1,211,718	1,126,533
Equity accounted investment in associated entities	6	959,954	1,137,797
		2,171,672	2,264,330

Refer to Note 15 for details of the impairment assessment methodology relating to the Group's investment.

NOTE 7: INTANGIBLE ASSETS

	31 December 2018 $	30 June 2018 $
Goodwill at cost	2,012,138	2,012,138
Accumulated impairment loss	(2,012,138)	-
	-	2,012,138
Software licenses at cost	166,624	166,624
Accumulated amortisation	(71,776)	(58,140)
	94,848	108,484
	94,848	2,120,622

Goodwill

Goodwill arose due to the to the Group's acquisition of Ilum-a-Lite Pty Ltd (Vivid Ilumalite) during the year ended 30 June 2016 which resides in the Energy Efficiency segment and is a separate Cash Generating Unit (CGU).

NOTE 7: INTANGIBLE ASSETS (continued)

The recoverable amount of the CGU is tested on an annual basis at both the cash generating unit (CGU) level and individual asset level where an impairment indicator exists. In the case that significant events or changes in circumstances indicating possible impairment arise during the year, the Group would assess impairment of the impacted CGU or individual asset following such events and changes.

The recoverable amount of the CGU is calculated using the value-in-use (VIU) method, which reflects the present value of the future cash flows expected to be derived from the CGU. The future cash flow is based on the Board approved forecasts and then projections using a steady growth rate for subsequent years. This calculated recoverable amount is then compared with the carrying value of the assets of the CGU.

The Company has expanded its product range and is actively planning for an expansion of its smart intelligent lighting products across both the commercial and industrial sectors. As part of re-positioning the business in readiness for its product expansion, the Group has moved to restructure its operations across its Energy Efficiency segment. As part of this restructure, the Group's remaining operations associated with the original Vivid Ilumalite acquisition will be absorbed into the Group's redefined intelligent lighting offerings segregated between Industrial and Commercial operations.

On this basis, it has been determined that the forecast sales pipeline from the original acquired business no longer supports the carrying value of the goodwill under the VIU calculations. Arising from the VIU calculations for the Vivid Ilumalite CGU within the Energy Efficiency segment, a $2.012 million (pre-tax) impairment charge has been recognised.

Key assumptions used for value-in-use calculations:

The recoverable amount of Vivid Ilumalite's CGU has been calculated based on the following key assumptions:

- Growth rate of 0% (FY2018: 5.0%)
- Pre-tax discount rate 16.0% (FY2018: 16%)
- Cash flow forecast – Board approved reforecasts

The growth rate is based on market estimates of the long-term industry specific growth rates.

The pre-tax rate represents the respective CGU's weighted average cost of capital as determined by prevailing or benchmarked market inputs, risk adjusted, where necessary.

Based upon these assumptions, the recoverable value was calculated to be significantly below its carrying value and accordingly an impairment of $2.012 million has been recorded, representing 100% of the Intangible Assets associated with this CGU.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2018

NOTE 8: BORROWINGS

	Notes	31 December 2018 $	30 June 2018 $
Current			
Trade Finance Facility (secured) [1]		-	460,635
Lease liability (unsecured)		54,795	54,795
Loans payable (unsecured)		4,873	60,358
Accrued interest - Convertible loan		100,203	-
		159,871	575,788
Non current			
Convertible loans (secured) [1]		1,500,000	-
Convertible loans (unsecured) [2]		1,300,000	-
Other loans (secured)		17,056	-
Lease liability (unsecured)		28,355	55,753
		2,845,411	55,753

[1] On 31 July 2018, the Group entered into a new financing facility with a related party (Evercharge Pty Ltd) which replaced the existing Trade Finance facility. The facility is a $1.5m fully drawn convertible loan with an interest rate of 10% pa, payable 6 monthly in arrears with a facility fee of 1% pa on undrawn amounts and repayable 24 months from the drawdown date. The Lender may at its discretion convert the Loan into shares in Vivid Technology Limited. The facility is secured by a General Security Agreement over all the assets of the Group.

[2] The Group also established a secondary unsecured convertible loan facility on 27 September 2018 with various sophisticated investors for a further $1.3m. The facility includes fully drawn convertible loans with an interest rate of 11% pa payable 6 monthly in arrears and repayable 24 months from drawdown date. The Lenders may at their discretion convert the Loans into shares in Vivid Technology Limited.

Finance lease commitments relate to capitalised software licenses and development costs.

	Notes	31 December 2018 $	30 June 2018 $

NOTE 9: OTHER CURRENT LIABILITIES

	Notes	31 December 2018 $	30 June 2018 $
Rental lease incentive		30,833	-
Directors share placement	10	165,000	-
		195,833	-

NOTE 10: CONTRIBUTED CAPITAL

Issued and paid up capital

	31 December 2018 $	30 June 2018 $
531,758,478 (2018: 475,718,474) ordinary shares issued	38,439,944	36,855,596

During the period, 56,040,004 fully paid ordinary at 3.0 cents per share were issued to sophisticated investors with total proceeds received being $1,681,201 before cash costs of $96,854.

As part of the capital raise initiatives, the Directors also subscribed for an additional 5,833,333 fully paid ordinary shares at 3.0 cents per share. As these Director applications required shareholder approval to be issued, total funds of $165,000 were received prior to balance date and held on account for the Directors until the share applications were subsequently approved at a General Meeting of shareholders on 24 Januarv 2019.

Share options

No options over issued ordinary shares were granted during the period.

NOTE 11: COMMITMENTS

Lease expenditure commitments

Operating leases (non-cancellable)

	31 December 2018 $	30 June 2018 $
Minimum lease payments:		
Not later than one year	54,720	111,198
Later that one year and not later than five years	1,290,328	229,746
	1,345,048	340,944

On 16 October 2018, the Company entered into a 10 year lease to relocate the corporate head-quarters of the Group, The lease commenced effective from 1 November 2018 at a rental rate of $200,000 p.a. with 3% annual increases. The parties agreed to a rent-free period for the period from 1 November 2018 to 31 July 2019 as a lease incentive to the Company.

NOTE 11: COMMITMENTS (continued)

	Notes	31 December 2018	30 June 2018
		$	$
Capital expenditure commitments			
Technology			
Estimated aggregate amount payable:			
Not later than one year		104,249	20,790

Capital expenditure commitments for technology relate to commitments for purchases of inventory and plant and equipment.

Bank guarantees

		31 December 2018	30 June 2018
Maximum amounts bank may call:			
Lease security deposit		55,000	-
Exploration security deposit		45,000	45,000
		100,000	45,000

NOTE 12: RELATED PARTY TRANSACTIONS

During the financial period, the Group invoiced a total of $32,678 (2017: $86,729) to Erdi Fuels Pty Ltd, a related party, in relation to reimbursement of expenses for its investment in NCF Global Pty Ltd. The Directors believe these transactions to be on an arms-length basis.

Where applicable, other significant related party transactions are disclosed in the relevant notes to the half-year financial statements.

NOTE 13: CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since 30 June 2018.

NOTE 14: SUBSEQUENT EVENTS

Subsequent to the end of the reporting period, the company announced on 12 February 2019, the completion of a Share Purchase Plan (SPP) offer for fully paid ordinary shares to existing shareholders, raising $0.21 million. Combined with the previous Equity Placement to sophisticated investors announced on 19 December 2018, the company has raised a total of $2.066 million (before costs) from the recent Capital Raising initiatives.

NOTE 15: FAIR VALUE MEASUREMENTS

(a) Fair value hierarchy

Assets and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Inputs for the asset or liability that are not based on observable market data

The fair value of financial assets and financial liabilities approximate their carrying amounts as disclosed in the condensed consolidated statement of financial position and notes to the condensed consolidated financial statements.

Investments in equity accounted associated entities and convertible loans receivable from associates have been assessed for impairment by reference to fair value. Fair value has been determined through application of the market approach, by using the comparable company valuation technique. This technique involves the use of level 3 inputs, specifically valuation inputs (such as multiples) by reference to the same valuation inputs applied to comparable entities. Adjustments are made as required to ensure comparability, for factors such as liquidity and size.

DIRECTORS' DECLARATION

The Directors declare that:

1. In the Directors' opinion, the financial statements and notes set out on pages 11 to 27 are in accordance with the *Corporations Act 2001* , including:

    (a) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

    (b) giving a true and fair view of the financial position of the Group as at 31 December 2018 and of its performance for the half-year ended on that date.

2. In the Directors' opinion there are reasonable grounds, as at the date of this declaration, to believe that Vivid Technology Limited will be able to pay its debts as and when they become due and payable.

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

Charles Macek
Chairman

Samuel R Marks
Managing Director

Vivid Technology Limited
Dated this 28th day of February 2019
Melbourne

VIVID TECHNOLOGY LTD
ACN 120 710 625
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
VIVID TECHNOLOGY LTD

Report on the Half-Year Financial Report

We were engaged to review the accompanying half-year financial report of Vivid Technology Ltd ("the Company") and controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. However, because of the matters described in the *Basis for Disclaimer of Conclusion* section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for a review conclusion on the financial report.

Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our review of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Disclaimer of Conclusion

We were engaged to perform a review, which is not an audit, of the Group, which comprises the condensed consolidated statement of financial position as at 31 December 2018, condensed consolidated statement of comprehensive income, statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date. Because of the significance of the matters described in the *Basis for Disclaimer of Conclusion* section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for a review conclusion on the financial report.

PITCHER PARTNERS

VIVID TECHNOLOGY LTD
ACN 120 710 625
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
VIVID TECHNOLOGY LTD

Basis for Disclaimer of Conclusion

As described in Note 1(d) Going Concern, the Group currently has a net current asset deficiency of $347,853 and the Group's capacity to continue as a going concern is dependent on its ability to trade as forecast and raise additional capital. As described in Note 1(d), the Directors believe that the Group will realise future orders and secure sufficient funding, however, at the date of this auditor's report the Group and its Directors have been unable to provide sufficient evidence of contractual sales or unconditional committed funding for the cash requirements of the Group for the twelve months from the date of this auditor's report. We have been unable to obtain alternative evidence which would provide sufficient appropriate evidence as to whether the Group may be able to trade as forecast or obtain such financing to remove significant doubt on its ability to continue as a going concern within twelve months of the date of this auditor's report until both funding and orders are secured.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary should the Group not be able to continue as a going concern in respect of revenue, expenses and assets, and the elements making up the condensed consolidated statement of financial position, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows. Consequently, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business should it not be able to raise sufficient funds required.

Pitcher Partners

B POWERS
Partner

PITCHER PARTNERS
Melbourne

28 February 2019