

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

29 February 2016

By Electronic Lodgement

Dear Sir/Madam,

LODGE MENT OF INTERIM FINANCIAL REPORT (APPENDIX 4D)

In accordance with the Listing Rules, please find attached the Interim Financial Report (Appendix 4D) for XTEK Ltd (XTE) for the half-year period ended 31 December 2015. The information contained in this report should be read in conjunction with the 2015 Annual Report.

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

Yours sincerely,



Lawrence A. Gardiner
Company Secretary

Attachment: XTEK Limited Interim Financial Report for half-year ended 31 December 2015.



XTEK LIMITED

and

Controlled Entities

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2015**

This interim financial report incorporating Appendix 4D is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3

The information contained in this report is to be read in conjunction with XTEK Limited's 2015 Annual Report and any announcements to the market by XTEK Limited during the half-year period ending 31 December 2015.

Current period:

1 July 2015 to 31 December 2015

Prior corresponding period:

1 July 2014 to 31 December 2014

XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

XTEK Limited and Controlled Entities

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XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Directors' Report

Half-year Ended 31 December 2015

Your Directors submit the financial report for the half-year ended 31 December 2015.

Directors

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

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

Review of Operations

- Revenue in the first half was higher than revenue in the first half of last year and the loss was smaller than the corresponding period in 2014.
- Retained cash and cash equivalents for the first half were significantly higher than at the end of the first half last year.
- \$1.29m worth of orders have been secured for the remainder of the financial year.

Outlook

XTEK continues to work towards a major inflection point, where the business should significantly change for the better over the next two years. The priorities and change drivers for the Company are:

- Secure the Australian Defence Force (ADF), Land 129 (Phase 4) Tender for the acquisition and ongoing support of 78 Small Unmanned Aircraft Systems (SUAS) scheduled to be delivered from FY16/17;
- Finalise the US Department of Defence (DoD) Foreign Comparative Testing (FCT) project and on the back of this, commercialise XTclave™ manufacturing of lighter weight hard armour protective insert plates;
- Commercialise XTatlas™ technology, selling sub-systems and software to a global market; and
- Establish and sustain a UAS services business, where possible, leveraging XTatlas™ and Simmersion capabilities.

Investment to achieve the above priorities is significant and ongoing. The Company intends to raise capital to fund this investment over the next year.

The second half financial result is expected to be similar to the first half, but down on last year, resulting in a loss for the full year.

XTEK forecasts a significant rise in revenue and net profits from FY16/17 onwards, based on achievement of the above business priorities.



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Future Opportunities

UAS – Land 129

The Company has responded to the Commonwealth LAND 129 Phase 4 Tender for the acquisition and support of 78 SUAS. The ADF announcement of the preferred tenderer is scheduled for March 2016 with a potential contract start in November 2016. Subject to the selection of XTEK as the preferred tenderer, successful contract negotiations and Government financial approval, systems would be delivered during FYs16/17 and 17/18. The support contract, involving maintenance, repair and the provision of spare parts for the 78 system acquisition, is likely to commence in parallel with any acquisition contract.



UAS Services and XTatlas™

The Company continues to develop and commercialise an organic UAS services capability for the commercial sector. It is well positioned to win contracts in the utilities sector for asset inspection and the emergency services, agriculture and environmental sectors for contextual video and 2D mapping. The acquisition of Simmersion Holdings has potential to leverage these services, through 3D modelling, simulation and analysis; and expansion into the urban planning and mining sectors.



The XTatlas™ technology will underpin the UAS services business through the sale of sub-systems and software to generate contextual video and 2D mapping data in near real-time. Commercialisation of the live video is expected to be completed in the second half of this year with revenue starting in FY16/17.

XTEK LIMITED & CONTROLLED ENTITIES
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Directors Report (continued)

XTclave™

If the US DoD FCT project can prove that XTclave™ provides distinct advantages over traditional armour manufacturing processes, it will be an important endorsement that could lead to XTclave™ licensing contracts and / or teaming with one or more US companies to manufacture hard armour protective insert plates in the US using XTclave™ manufacturing plants. The final results from the project are expected to be provided to the US FCT office before the end of the financial year.

The XTclave™ technology is already used to create products for the ADF. Composite parts processed by XTclave™ are used in the XTEK-designed sniper rifle folding chassis sold to Defence. The Company is also undertaking some XTclave™ development tasks for other applications within and outside the Defence sector, including aerospace components.

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 4 for the half-year ended 31 December 2015.

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



Uwe Boettcher

Chairman

29 February 2016

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Hardwickes Partners Pty Ltd
ABN 21 008 401 536

Liability limited by a scheme
approved under Professional
Standards Legislation

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2015, there have been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

Hardwickes

Hardwickes
Chartered Accountants

Robert Johnson FCA
Partner

Canberra

29/2/16



XTEK LIMITED & CONTROLLED ENTITIES
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Half-year Ended 31 December 2015

		Half-year ended 31 December 2015	Half-year ended 31 December 2014
	Note	\$	\$
Revenue	3	2,120,057	1,569,746
Changes in inventories of finished goods and work in progress		(1,494,077)	(926,810)
Gross profit		625,980	642,936
Other income	3	299,299	81,585
Operational expenditure	4	(700,765)	(667,954)
Employee benefits expense	4	(889,183)	(884,050)
Depreciation	4	(41,289)	(53,394)
Finance costs	4	(2,825)	(3,688)
(Loss) from operations before income tax		(708,783)	(884,565)
Income tax expense		-	-
(Loss) from operations		(708,783)	(884,565)
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year		(708,783)	(884,565)



XTEK LIMITED & CONTROLLED ENTITIES
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Consolidated Statement of Financial Position

As At 31 December 2015

	Note	As at 31 December 2015 \$	As at 30 June 2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	617,821	890,314
Trade and other receivables	8	633,129	1,383,241
Inventories	9	725,161	609,869
Other assets	10	415,580	169,265
TOTAL CURRENT ASSETS		2,391,691	3,052,689
NON-CURRENT ASSETS			
Property, plant and equipment	11	304,638	309,687
Intangible assets	12	63,694	56,082
TOTAL NON-CURRENT ASSETS		368,332	365,769
TOTAL ASSETS		2,760,023	3,418,458
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	924,929	717,405
Provisions	14	158,628	148,962
Deferred income	15	133,610	849,785
Derivative financial liability		542	(5,698)
TOTAL CURRENT LIABILITIES		1,217,709	1,710,454
NON-CURRENT LIABILITIES			
Trade and other payables	13	39,271	43,047
Deferred income	15	-	680
TOTAL NON-CURRENT LIABILITIES		39,271	43,727
TOTAL LIABILITIES		1,256,980	1,754,181
NET ASSETS		1,503,043	1,664,277
EQUITY			
Issued capital	16	20,452,968	19,907,301
Reserves		516,110	514,228
Accumulated losses		(19,466,035)	(18,757,252)
TOTAL EQUITY		1,503,043	1,664,277



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Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2015

	Note	Issued Capital \$	Capital Reserve \$	Equity based payments Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2015		19,907,301	-	514,228	(18,757,252)	1,664,277
Loss for the half-year		-	-	-	(708,783)	(708,783)
Issue of shares		710,000	-	-	-	710,000
Transaction costs associated with share capital		(164,333)	-	-	-	(164,333)
Capital reserve on purchase		-	1,882	-	-	1,882
Balance at 31 December 2015		20,452,968	1,882	514,228	(19,466,035)	1,503,043

	Note	Issued Capital \$	Capital Reserve \$	Equity based payments reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2014		19,942,856	-	514,228	(18,988,320)	1,468,764
Profit for the year		-	-	-	231,068	231,068
Issue of shares		-	-	-	-	-
Transaction costs associated with share capital		(35,555)	-	-	-	(35,555)
Balance at 30 June 2015		19,907,301	-	514,228	(18,757,252)	1,664,277



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Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2015

	Half-year Ended 31 December 2015	Half-year Ended 31 December 2014
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,370,456	2,095,014
Payments to suppliers and employees	(3,178,789)	(2,834,091)
	(808,333)	(739,077)
Receipt from grants	49,430	304,091
Interest received	6,145	3,494
Interest paid	(2,825)	(3,688)
Net cash provided by/(used in) operating activities	19 (755,583)	(435,180)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(36,142)	(69,164)
Payment for intangible asset	(7,612)	-
Payment of subsidiary, net of cash acquired	51,178	-
Net cash used by investing activities	7,424	(69,164)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of ordinary shares	500,000	-
Payment of transaction costs associated with issued share capital	(24,334)	(3,263)
Net cash used by financing activities	475,666	(3,263)
Net increase/(decrease) in cash and cash equivalents held	(272,493)	(507,607)
Cash and cash equivalents at beginning of year	890,314	649,773
Cash and cash equivalents at end of the half year	7 617,821	142,166



XTEK LIMITED & CONTROLLED ENTITIES
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Notes to the Financial Statements

Half-year Ended 31 December 2015

The consolidated financial report covers XTEK Limited and controlled entities and its controlled entities ('the Group'). XTEK Limited and controlled entities is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 29 February 2016

Comparatives are consistent with prior years, unless otherwise stated.

The Group is an entity to which ASIC Class Order 98/100 applies and, accordingly amounts in the consolidated financial statements and Directors' Report have been rounded to the nearest thousand dollars.

1 Basis of Preparation

This condensed consolidated interim financial report for the reporting period ending 30 June 2016 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of XTEK Limited and controlled entities and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

2 Summary of Significant Accounting Policies

(a) Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Company has incurred a loss of \$708,783 for the half-year ended 31 December 2015 (full year ended 30 June 2015: profit of \$231,068 and half-year ended 31 December 2014: loss of \$884,565). Accumulated losses to 31 December 2015 total \$19,466,035 (accumulated losses to 30 June 2015 of 18,757,252 and accumulated losses to 31 December 2014 total \$19,872,885). The balance of cash and cash equivalents was \$617,821 as at 31 December 2015 (as at 30 June 2015: \$890,314 and as at 31 December 2014: \$142,166).

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

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



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Half-year Ended 31 December 2015

The Directors have reviewed the Company's financial position and cash flow forecasts for the next twelve months, which show that the Company will be able to meet its debts as and when they fall due and payable and are, therefore, of the opinion that the use of the going concern basis of accounting is appropriate. This is based on the belief that the Company will meet projected revenue from its Agency and product development businesses and that the Company will be able to retain overheads at budgeted levels and raise capital.

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

(b) Derivative financial instruments

The Company uses forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Changes in fair value are recognised immediately in profit or loss in income or expenses. Forward currency contracts are recognised as an asset when their value is positive and as a liability when their value is negative.

3 Revenue and Other Income

	Half-year ended 31 December 2015 \$	Half-year ended 31 December 2014 \$
Revenue from continuing operations		
- Sales revenue	1,739,773	1,079,946
- Revenue from repairs	351,785	463,980
- Revenue from services	28,499	25,820
	<u>2,120,057</u>	<u>1,569,746</u>
Other Income		
- Interest income	6,145	3,494
- R&D tax incentive(refer Note 5a)	238,992	680
- Grant income	40,219	61,233
- Other income	13,943	16,178
	<u>299,299</u>	<u>81,585</u>
Total Revenue and other income	<u><u>2,419,356</u></u>	<u><u>1,651,331</u></u>



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Notes to the Financial Statements

Half-year Ended 31 December 2015

4 Expenses

	Half-year ended 31 December 2015 \$	Half-year ended 31 December 2014 \$
Employee Benefits		
Salaries and wages	767,669	734,250
Superannuation	91,768	91,670
Redundancy payments	-	20,342
Payroll tax	22,712	26,842
Workers compensation	7,034	10,947
Total employee benefits	889,183	884,051
Depreciation		
Plant and machinery	20,860	20,177
Furniture and fixtures	13,662	11,956
Motor vehicles	458	2,880
Office equipment	4,043	11,443
Computer software	189	4,633
Total depreciation	39,212	51,089
Operational expenditure		
Accounting and audit fees	31,574	31,063
Advertising and conferences	34,693	60,877
Consultancy fees	106,821	67,495
Directors fees	49,167	62,770
Insurance	56,840	52,388
FBT	5,234	5,639
Office administrative costs	228,040	220,638
Lease charges	7,691	9,760
Share registry fees	27,686	25,385
Travel and entertainment	49,707	50,547
Workshop / project expenses	18,815	23,532
Net foreign currency losses	22,015	18,934
Other expenses	62,483	38,926
Total operational expenditure	700,766	667,954
Finance costs		
Interest	2,825	3,688
Total finance costs	2,825	3,688



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Half-year Ended 31 December 2015

5 Government Grants

(a) AusIndustries R&D Tax Incentive

R&D tax incentive, estimated \$238,992, has been included as R&D tax incentive as revenue. No R&D tax incentive was brought to account on this basis in the prior matching period. The balance included is collectible on the granting of approval from the Department of Industry, Innovation & Science and lodgement of R&D tax incentive return for the year 2016.

Funds of \$242,178 were received from AusIndustry's R&D Tax Incentive Regime and related to R&D expenses for financial year 2014. There were no unfulfilled conditions or contingencies attached to this grant at the reporting date. Of the \$242,178 received, \$238,777 was recognised as income in financial year 2014, \$680 was recognised during the half-year ended 31 December 2015 and the balance of \$1,361 remains in deferred income.

(b) Other Grants

Income was recognised and funds were received to the value of \$40,219 in financial half-year ended 31 December 2015.

6 Business Combinations

On 9 November 2015, the parent Company acquired 100% interest of Simmersion Holdings Pty Limited and resulted in XTEK Limited obtaining control of Simmersion Holdings Pty Limited. This acquisition is expected to increase the Group's share of this market and reduce costs through economies of scale.

The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	Fair value
	\$
Purchase consideration:	
Equity issued	70,000
Total purchase consideration	70,000
Assets or liabilities acquired:	
Cash	51,178
Trade receivables	265
Plant and equipment	97
Intangible assets	20,342
Total net identifiable assets	71,882
Identifiable assets acquired and liabilities assumed	71,882
Goodwill consideration	70,000
Less: Identifiable assets acquired	71,882
Capital Reserve	(1,882)

Revenue of Simmersion Holdings Pty Limited included in the consolidated revenue of the Group since the acquisition date on 9 November 2015 amounted to Nil with a loss of \$ 25,356.



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Notes to the Financial Statements

Half-year Ended 31 December 2015

7 Cash and Cash Equivalents

	Half-year ended 31 December 2015	Year ended 30 June 2015
	\$	\$
Cash at bank and in hand	617,821	890,314
	<u>617,821</u>	<u>890,314</u>

8 Trade and Other Receivables

	Half-year ended 31 December 2015	Year ended 30 June 2015
	\$	\$
CURRENT		
Trade receivables	40,009	857,032
Other receivables	586,449	526,209
GST receivable	6,671	-
Total current trade and other receivables	<u>633,129</u>	<u>1,383,241</u>

9 Inventories

	Half-year ended 31 December 2015	Year ended 30 June 2015
	\$	\$
CURRENT		
Product and spare products	615,260	520,835
Work in progress	109,901	89,034
	<u>725,161</u>	<u>609,869</u>

10 Other Assets

	Half-year ended 31 December 2015	Year ended 30 June 2015
	\$	\$
CURRENT		
Prepayments	176,588	169,265
R&D tax incentive(see note 5a)	238,992	-
	<u>415,580</u>	<u>169,265</u>



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11 Property, plant and equipment

	Half-year ended 31 December 2015	Year ended 30 June 2015
	\$	\$
Plant and equipment		
At cost	237,129	236,975
Accumulated depreciation	(102,368)	(81,605)
Total plant and equipment	<u>134,761</u>	<u>155,370</u>

Notes to the Financial Statements

Half-year Ended 31 December 2015

Office Furniture and Equipment		
At cost	198,126	194,567
Accumulated depreciation	(101,674)	(88,013)
Total office furniture and equipment	<u>96,452</u>	<u>106,554</u>
Motor vehicles		
At cost	58,011	58,011
Accumulated depreciation	(49,820)	(49,362)
Total motor vehicles	<u>8,191</u>	<u>8,649</u>
Demonstration Equipment		
At cost	124,247	118,283
Accumulated depreciation	(100,091)	(96,047)
Total demonstration equipment	<u>24,156</u>	<u>22,236</u>
Computer software		
At cost	67,114	67,114
Accumulated depreciation	(66,928)	(66,740)
Total computer software	<u>186</u>	<u>374</u>
Property Improvements		
At cost	61,272	61,272
Accumulated depreciation	(46,845)	(44,768)
Total property improvements	<u>14,427</u>	<u>16,504</u>
UAS - Work in progress		
At cost	26,465	-
Total UAS	<u>26,465</u>	<u>-</u>
Total property, plant and equipment	<u>304,638</u>	<u>309,687</u>



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Notes to the Financial Statements

Half-year Ended 31 December 2015

12 Intangible Assets

	Half-year ended 31 December 2015	Year ended 30 June 2015
	\$	\$
Patents		
Cost	63,694	56,082
Total Intangibles	63,694	56,082

13 Trade and Other Payables

	Half-year ended 31 December 2015	Year ended 30 June 2015
	\$	\$
CURRENT		
Trade payables	382,553	114,603
GST payable	-	66,672
Accrued expenses	443,725	426,981
Employee entitlements (annual leave)	89,588	100,086
Rent payable	9,063	9,063
	924,929	717,405

	Half-year ended 31 December 2015	Year ended 30 June 2015
	\$	\$
NON-CURRENT		
Rent payable	39,271	43,047
	39,271	43,047

14 Provisions

	Half-year ended 31 December 2015	Year ended 30 June 2015
	\$	\$
CURRENT		
Employee benefits (long service leave)	158,628	148,962
	158,628	148,962



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Half-year Ended 31 December 2015

15 Deferred income

	Half-year ended 31 December 2015	Year ended 30 June 2015
	\$	\$
CURRENT		
Government grants	1,361	1,361
Customer Deposits	132,249	848,424
Total	133,610	849,785

	Half-year ended 31 December 2015	Year ended 30 June 2015
	\$	\$
NON-CURRENT		
Government grants	-	680
Total	-	680

16 Issued Capital

	Half-year ended 31 December 2015	Year ended 30 June 2015
	\$	\$
22,618,257 (2014: 20,127,233) Ordinary shares	20,452,968	19,907,301
Total	20,452,968	19,907,301

Movement in ordinary shares on issue

	No.	\$
At the beginning of the reporting period	20,127,233	19,907,301
Shares issued during the year	2,491,024	710,000
Shares bought back during the year		
Transaction cost on share issued	-	(164,333)
At the end of the reporting period	22,618,257	20,452,968

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

500,000 unlisted options with an exercise price of \$0.45 per option, expiring 15 July 2018 were allotted and issued to Kentgrove Equity Placement Agreement on 15 July 2015. The issued capital of XTEK now comprises 22,618,257 fully paid Ordinary Shares with 500,000 unlisted options currently on issue.



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Half-year Ended 31 December 2015

17 Operating Segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and allocation of resources.

The Company is managed primarily on the basis of product category and service offerings as the diversification of the Company's operations inherently have different risk profiles and performance assessment criteria.

(a) Revenue by geographical region

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas segment assets are based on the location of the assets.

	Half-year Ended 31 December 2015 \$	Half-year Ended 31 December 2014 \$
Australia	1,865,792	995,695
New Zealand	4,010	5,592
United States of America	250,255	568,459
	<u>2,120,057</u>	<u>1,569,746</u>

(b) Major customers

The Company has a number of customers to whom it provides both products and services. The Company supplies a number of Australian Government Agencies that, combined for half-year 2015, account for 82% of external revenue (half-year ended 31 December 2014: 55%). The next most significant client for the half-year ended 31 December 2015 accounts for 12% of external revenue and relates to the US CTO Funding (half-year ended 31 December 2014: 36%).

18 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2015 (30 June 2015: None).

19 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years



XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Notes to the Financial Statements

Half-year Ended 31 December 2015

20 Parent entity

The following information has been extracted from the books and records of the parent, XTEK Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, XTEK Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

	Half-year ended 31 December 2015 \$	Year ended 30 June 2015 \$
Statement of Financial Position		
Assets		
Current assets	2,418,570	3,052,689
Non-current assets	368,329	365,769
Total Assets	<u>2,786,899</u>	<u>3,418,458</u>
Liabilities		
Current liabilities	1,229,203	1,710,454
Non-current liabilities	38,516	43,727
Total Liabilities	<u>1,267,719</u>	<u>1,754,181</u>
Equity		
Issued capital	20,452,968	19,907,301
Accumulated losses	(19,448,016)	(18,757,252)
Reserves	514,228	514,228
Total Equity	<u>1,519,180</u>	<u>1,664,277</u>
Statement of Profit or Loss and Other Comprehensive Income		
Profit / (Loss) for the year	<u>(708,783)</u>	231,068
Total comprehensive income	<u>(708,783)</u>	231,068

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FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Directors' Declaration

The Directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on page 4 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Uwe Boettcher

Director



Lawrence A. Gardiner

Director/Company Secretary

Dated this 29th day of February 2016

XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015



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ABN 35 973 938 183

Hardwickes Partners Pty Ltd
ABN 21 008 401 536

Liability limited by a scheme
approved under Professional
Standards Legislation

Independent Auditor's Review Report to the members of XTEK Limited and controlled entities

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of XTEK Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, statement or description of accounting policies as required by AASB 134 and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2015 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of XTEK Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



XTEK LIMITED & CONTROLLED ENTITIES
APPENDIX 4D – INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015



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Independent Auditor's Review Report to the members of XTEK Limited and controlled entities

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of XTEK Limited and controlled entities is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Hardwickes

Hardwickes
Chartered Accountants

Robert Johnson FCA
Partner

Canberra

29/2/16

