



**XTD Limited**  
**ACN 147 799 951**

**HALF-YEAR FINANCIAL REPORT**

**31 DECEMBER 2019**

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## CORPORATE INFORMATION

### Directors & Officers

Mr Justus Wilde – Non-Executive Chairman  
Mr Adam Cadwallader – Managing Director  
Mr Jason Byrne – Non-Executive Director  
Mr Mark Niutta – Non-Executive Director

### Company Secretary

Mr Matthew Foy

### Registered Office

Level 8, 99 St Georges Terrace,  
Perth WA 6000

PO BOX 5638 St Georges Terrace,  
Perth WA 6831

T: +61 (08) 9486 4036

F: +61 (08) 9486 4799

### Stock Exchange

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

### Australian Company Number

ACN 147 799 951

### Australian Business Number

ABN 43 147 799 951

### Website

[www.xtd.tv](http://www.xtd.tv)

### Bankers

Westpac Banking Corporation  
Level 4, Brookfield Place  
Tower 2, 123 St Georges Terrace,  
Perth WA 6000

### Auditors

PKF Perth  
Level 5, 35 Havelock Street  
West Perth WA 6005

### Share Registry

Automic Pty Ltd  
Level 2, 267 St Georges Tce  
Perth WA 6000

T: +61 (0) 2 9698 5414

W: [www.automicgroup.com.au](http://www.automicgroup.com.au)

### Domicile and Country of Incorporation

Australia

### Solicitors

JDK Legal  
1 Castlereagh Street  
Sydney NSW 2000 Australia

## DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of XTD Limited (**XTD** or the **Company**) and the entities it controls at the end of, or during, the half-year ended 31 December 2019 (the **Period**).

### DIRECTORS

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

Mr Justus Wilde – Non-Executive Chairman

Mr Adam Cadwallader – Managing Director (appointed 1 August 2019)

Mr Jason Byrne – Non-Executive Director & CEO (resigned as CEO on 1 August 2019)

Mr Mark Niutta – Non-Executive Director

Mr Joe Copley – Non-Executive Director (resigned 10 July 2019)

### OPERATING RESULT

The profit from operations of the consolidated entity for the half year ended 31 December 2019 after providing for income tax was \$214,375 (2018: loss of \$1,044,628).

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

### REVIEW OF OPERATIONS

XTD is a specialist provider to the growing Out-of-Home Advertising (OOH Advertising) sector, owning and operating the world's first, designed for rail, cross-track digital video system that uses billboard-size LED television screens coupled to high definition sound to broadcast all forms of content to metro train commuters. The Company is operating 32 XTD screens within underground rail stations on 12 platforms in Melbourne as part of a contract with Metro Trains Melbourne Pty Ltd. The Company has a separate, exclusive contract with Queensland Rail operating 13 XTD screens on six stations on the Queensland Rail suburban network in Brisbane,

During the Period the XTD Board completed a significant review of opportunities with the firm view that the future direction of the business should be led by an experienced Out of Home and media executive who has demonstrated capabilities in growing media businesses. Industry veteran Mr Adam Cadwallader was appointed Chief Executive Officer and Managing Director on 1 August 2019 to develop the new strategic plan as the Company positions itself to be at the forefront of the industry's growth through digital, content, data, audience measurement, automation and programmatic trading.

### **Acquisition of Out-of-Home & Integrated Marketing & Media Network Company Adline Media Pty Ltd**

During the Period the Company announced it had entered into a binding sale and purchase agreement to acquire 100% of Adline Media Pty Ltd (**Adline**). Adline specialises in indoor and recreational sporting environments and delivers out-of-home, online advertising, content as well as software reseller agreements and amenity based, buying group agreements (**Acquisition**).

Adline's profitable and growing network includes more than 100 centres, 65 of which are large scale indoor sporting locations boasting high-definition digital displays, online and direct-to-customer communication platforms and Wi-Fi hotspots. These provide advertisers both local and national with access to engaged, diverse and active people and their communities Australia-wide who play sport for fun in a positive and social environment.

The audience segment, nicknamed the "Active lifestyle" is synonymous with Australia grass roots and family sport, coming together weekdays and weekends to play and watch indoor and community sport. Adline grows indoor sports, community and leisure centres across Australia with the exclusive rights to re-sell efficient user software with contracted customers enabling players to seamlessly access information such as players stats, fixtures and game times as well as enabling centres to manage court bookings and competition management.

Adline provides sport, leisure and community centres with an integrated marketing ecosystem that drives growth by unlocking incremental revenue through supply deals, reducing costs, creating efficiencies and engaging diverse audiences who play for fun.

### Material Terms of the Adline Acquisition

XTD agreed to acquire 100% of the share capital in Adline for consideration comprising:

- 5,000,000 ordinary shares in XTD (**Consideration Shares**);
- up to 14,400,000 ordinary shares in XTD (**Deferred Consideration Shares**) as follows:
  - up to 5,000,000 ordinary shares in XTD (**Tranche A Deferred Consideration Shares**) upon XTD determining using audited or management accounts of Adline (at its discretion) and prepared in accordance with the Accounting Standards for the calendar year ending 2020, that those accounts demonstrate that EBITDA is greater than \$350,000 (**Milestone A**); and
  - up to 9,400,000 ordinary shares in XTD (**Tranche B Deferred Consideration Shares**) upon XTD determining using audited or management accounts of Adline (at its discretion) and prepared in accordance with the Accounting Standards for the calendar year ending 2021, that those accounts demonstrate that EBITDA is greater than \$480,000 (**Milestone B**);
- Upfront cash consideration of \$468,000 in cash (**Cash Consideration**);
- Payment of the Cash Consideration and issue of the Consideration Shares is only payable if Adline's management accounts for the period from 1 September 2018 to 31 August 2019 demonstrate that Adline's EBITDA is greater than \$135,000;
- A deferred cash payment of up to \$400,000 cash subject to XTD determining that Milestone A has been achieved in whole or in part (**Deferred Consideration**). If Milestone A is not achieved by the calendar year ending 2020, XTD will reassess the achievement of Milestone A at the end of the financial year ending 30 June 2021 and if Milestone A is not achieved in full the amount of the Deferred Consideration and the number of Tranche A Deferred Consideration Shares to be issued will be reduced so that for every 1% EBITDA is less than \$350,000 for the financial year ending 30 June 2021, the cash payment and number of shares to be issued at the end of financial year ending 30 June 2021 is reduced by 1.5% until EBITDA is less than \$245,000 where no payment or issue of Tranche A Deferred Shares will be made; and
- If Milestone B is not achieved by the calendar year ending 2021, XTD will reassess the achievement of Milestone B at the end of the financial year ending 30 June 2022 and if Milestone B is not achieved in full the number of Tranche B Deferred Consideration Shares to be issued will be reduced so that for every 1% EBITDA is less than \$480,000 for the financial year ending 30 June 2021, the number of shares to be issued at the end of financial year ending 30 June 2022 is reduced by 1.5% until EBITDA is less than \$336,000 where no issue of Tranche B Deferred Consideration Shares will be made.

The Consideration Shares and Deferred Consideration Shares will be issued using XTD's Listing Rule 7.1 capacity.

On 1 January 2020 Mr Michael Johnstone was appointed as XTD's Chief Operating Officer.

Following completion of the Acquisition XTD commenced its diversified media future enabling the growth of the business in the community sport and leisure sector with clearly identified plans to expand the Adline business in the pursuit of reaching people that play for fun.

The Acquisition will empower the team to innovate with first party data, accelerate its plans to increase its commercial base and continue to work with the businesses of indoor sporting and leisure environments to create increased customer experiences through out-of-home, online and eMarketing

#### **Queensland Rail Grants XTD 2 Year Extension to June 2022**

During the Period XTD advised that Queensland Rail (QR) agreed to grant the Company an extension to its exclusive contract for its cross-track digital screens across five Brisbane rail stations until June 2022. QR also advised it will be taking all contracts to tender subject to its Board approval in 2021.

#### **CORPORATE**

During the Period XTD announced the appointment of Out of Home industry leader, Adam Cadwallader, as Chief Executive Officer and Managing Director effective 1 August 2019, succeeding interim CEO Jason Byrne.

Mr Cadwallader has been in the media industry for over 25 years with the last 19 years spent in the Out of Home media sector where most recently he was Group Sales Strategy Director for ASX 200 listed oOh!media Limited (oOh!), Australia's largest Out of Home company.

The appointment of Mr Cadwallader as Managing Director saw interim CEO Jason Byrne return to his Non-Executive Director role. In addition Non-Executive Director Joe Copley stepped down from the board effective 10 July 2019.

#### **Subsequent Events**

Subsequent to the Period on 6 January 2020, the Company completed the Acquisition of Adline by way of issuing 5,000,000 fully paid ordinary shares and payment of upfront cash consideration of \$468,000 to the Adline vendor (or its nominee).

Subsequent to the period on 20 January 2020 the Company advised that Automic Pty Ltd had been appointed as the Company's share registry service provided. The new share registry contact details are as follows:

Level 2, 267 St Georges Tce  
Perth WA 6000  
T: +61 (0) 2 9698 5414  
W: [www.automicgroup.com.au](http://www.automicgroup.com.au)

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect:

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

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

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

**AUDITOR'S INDEPENDENCE DECLARATION**

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

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



**Adam Cadwallader**  
**Managing Director**

**Perth, Western Australia**

**28 February 2020**

**AUDITOR'S INDEPENDENCE DECLARATION**

**TO THE DIRECTORS OF XTD LIMITED**

In relation to our review of the financial report of XTD Limited for the half year ended 31 December 2019, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

*PKF Perth*

**PKF PERTH**

*Simon Fermanis*

**SIMON FERMANIS**  
**PARTNER**

28 FEBRUARY 2020  
WEST PERTH,  
WESTERN AUSTRALIA

Level 4, 35 Havelock Street, West Perth, WA 6005  
PO Box 609, West Perth, WA 6872  
T: +61 8 9426 8999 F: +61 8 9426 8900 [www.pkfperth.com.au](http://www.pkfperth.com.au)

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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	December 2019 \$	December 2018 \$
Revenue from continuing operations	1,590,000	1,787,482
Other expenses	(168,772)	(186,051)
Advertising and marketing fees	(13,005)	(23,421)
Amortisation of intangibles	(62,235)	(62,235)
Commission expenses	(394,177)	(503,220)
Consulting and advisory fees	(108,873)	(308,555)
Corporate compliance	(22,178)	(34,648)
Depreciation	(181,410)	(253,660)
Directors fees	(271,283)	(106,104)
Insurance expenses	(13,634)	(27,075)
Impairment	(9,919)	-
Loss from loss of control of subsidiary	-	(867,619)
Occupancy expenses	(1,271)	(62,253)
Share based payments	(6,081)	-
Personnel expenses	(21,828)	(238,416)
Professional fees	(101,196)	(127,859)
Travelling expenses	(18,433)	(49,664)
Profit/(loss) from continuing operations before income tax	195,705	(1,063,298)
Income tax benefit	18,670	18,670
Profit/(loss) from continuing operations after income tax	214,375	(1,044,628)
Other comprehensive loss for the period, net of tax		
<i>Items that may be reclassified to profit or loss:</i>		
Foreign exchange on translation of foreign subsidiary	-	249
Total comprehensive profit/(loss) for the period	214,375	(1,044,379)
<b>Profit/(loss) for the period is attributable to:</b>		
Owners of the company	214,375	(1,131,220)
Non-controlling interests	-	86,592
<b>Total comprehensive profit/(loss) for the period attributable to:</b>	214,375	(1,044,628)
Owners of the company	214,375	(1,130,971)
Non-controlling interests	-	86,592
<b>Profit/(loss) per share from continuing operations attributable to the ordinary equity holders of the company:</b>	<b>Cents</b>	<b>Cents</b>
Basic profit/(loss) per share	0.16	(0.79)
Diluted profit/(loss) per share	0.13	(0.79)

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2019 \$	30 June 2019 \$
<b>Current Assets</b>			
Cash and cash equivalents		2,187,328	2,206,527
Trade and other receivables		94,925	73,853
Other assets	4	534,225	50,000
<b>Total Current Assets</b>		<b>2,816,478</b>	<b>2,330,380</b>
<b>Non-Current Assets</b>			
Plant and equipment	5	763,539	956,702
Intangibles	6	186,700	248,935
Investments	9	28,894	38,813
<b>Total Non-Current Assets</b>		<b>979,133</b>	<b>1,244,450</b>
<b>TOTAL ASSETS</b>		<b>3,795,611</b>	<b>3,574,830</b>
<b>Current Liabilities</b>			
Trade and other payables		364,285	358,413
Provisions		13,122	-
<b>Total Current Liabilities</b>		<b>377,407</b>	<b>358,413</b>
<b>Non-Current Liabilities</b>			
Deferred tax liability		56,015	74,685
<b>Total Non-Current Liabilities</b>		<b>56,015</b>	<b>74,685</b>
<b>TOTAL LIABILITIES</b>		<b>433,422</b>	<b>433,098</b>
<b>NET ASSETS</b>		<b>3,362,189</b>	<b>3,141,732</b>
<b>EQUITY</b>			
Contributed equity	7	15,891,009	15,891,009
Reserve		213,943	207,862
Accumulated losses		(12,742,764)	(12,957,139)
Capital and reserves attributable to owners of the company		3,362,189	3,141,732
Non-controlling interests	8	-	-
<b>TOTAL EQUITY</b>		<b>3,362,189</b>	<b>3,141,732</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital \$	Share-based Payment Reserve \$	Options Premium Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$	Non- controlling interests \$	Total Equity \$
<b>At 1 July 2019</b>	<b>15,891,009</b>	<b>-</b>	<b>212,774</b>	<b>(4,912)</b>	<b>(12,957,139)</b>	<b>3,141,732</b>	<b>-</b>	<b>3,141,732</b>
Profit for the year	-	-	-	-	214,375	214,375	-	214,375
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>214,375</b>	<b>214,375</b>	<b>-</b>	<b>214,375</b>
<b>Transactions with owners in their capacity as owners:</b>								
Share-based payment - performance rights and options	-	6,081	-	-	-	6,081	-	6,081
<b>At 31 December 2019</b>	<b>15,891,009</b>	<b>6,081</b>	<b>212,774</b>	<b>(4,912)</b>	<b>(12,742,764)</b>	<b>3,362,188</b>	<b>-</b>	<b>3,362,188</b>
	Issued Capital \$	Share-based Payment Reserve \$	Options Premium Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$	Non- controlling interests \$	Total Equity \$
<b>At 1 July 2018</b>	<b>15,891,009</b>	<b>1,019,524</b>	<b>212,774</b>	<b>(5,279)</b>	<b>(11,579,493)</b>	<b>5,538,535</b>	<b>(1,823,791)</b>	<b>3,714,744</b>
Loss for the year	-	-	-	-	(1,131,220)	(1,131,220)	86,592	(1,044,628)
Exchange differences on translation of foreign operations	-	-	-	249	-	249	-	249
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>249</b>	<b>(1,131,220)</b>	<b>(1,130,971)</b>	<b>86,592</b>	<b>(1,044,379)</b>
<b>Transactions with owners in their capacity as owners:</b>								
Decrease on deconsolidation - CL (Note 9)	-	(1,019,524)	-	-	-	(1,019,524)	1,737,199	717,675
<b>At 31 December 2018</b>	<b>15,891,009</b>	<b>-</b>	<b>212,774</b>	<b>(5,030)</b>	<b>(12,710,713)</b>	<b>3,388,040</b>	<b>-</b>	<b>3,388,040</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

	December 2019 \$	December 2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(1,139,875)	(1,683,871)
Interest received	997	2,398
Receipts from customers	1,595,193	1,804,271
Research and development grant	-	202,311
<b>Net cash inflow from operating activities</b>	<b>456,315</b>	<b>325,109</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant & equipment	(27,690)	(1,245)
Proceeds from part disposal of property, plant & equipment	20,000	-
Other (removal of cash at bank on deconsolidation of formerly controlled subsidiary)	-	(269,799)
Other (deposit for acquisition of business)	(468,000)	-
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(475,690)</b>	<b>(271,044)</b>
Net increase/(decrease) in cash and cash equivalents	(19,375)	54,065
Exchange rate adjustments on foreign cash held	176	37,767
Cash and cash equivalents at the beginning of the period	2,206,527	2,032,769
<b>NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>2,187,328</b>	<b>2,124,601</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This consolidated interim financial report for the half-year reporting period ended 31 December 2019 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, as appropriate for for-profit oriented entities.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by XTD Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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

The principal accounting policies adopted are consistent with those of the previous financial year, except for the policies stated below.

#### *a) Adoption of new and revised accounting standards*

In the half year ended 31 December 2019, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2019. It has been determined by the Company that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Company accounting policies. No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

## 1. BASIS OF PREPARATION OF HALF-YEAR REPORT (continued)

### a) Adoption of new and revised accounting standards (continued)

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

#### AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

#### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has not recognised a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets, as it does not have an operating lease commitment.

#### Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## 1. BASIS OF PREPARATION OF HALF-YEAR REPORT (continued)

### *Adoption of new and revised accounting standards (continued)*

#### *Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Consolidated Entity and effective for the half-year reporting periods beginning on or after 1 January 2020. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Consolidated Entity and therefore no material change is necessary to the Consolidated Entity's accounting policies.

#### *b) Intangible assets (contract rights)*

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

#### *c) Principles of consolidation*

##### *(i) Subsidiaries*

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

## 2. SEGMENT INFORMATION

### *Identification of reportable operating segments*

The group is organised into two operating segments: cross-track digital advertising (XTD Ltd), and mobile phone app development (Contact Light Pty Ltd). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors of each entity (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. Management re-assessed operating segments and determined that due to a loss of control of Contact Light Pty Ltd there is only one operating segment from 1 November 2018 onwards. Refer to note 9 for further information.

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

### *Intersegment receivables, payables and loans*

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

2. SEGMENT INFORMATION (continued)

31 December 2019	XTD Ltd	Contact Light Pty Ltd	Total
	\$	\$	\$
Income	1,590,000	-	1,590,000
Commission - rail operators	(394,177)	-	(394,177)
Expenses	(750,392)	-	(750,392)
Income tax expense	18,670	-	18,670
Operating profit/(loss)	<b>464,101</b>	-	<b>464,101</b>
Other significant items:			
Share based payment expense	(6,081)	-	(6,081)
Depreciation	(181,410)	-	(181,410)
Amortisation of intangibles	(62,235)	-	(62,235)
Net profit after tax	<b>214,375</b>	-	<b>214,375</b>

Assets	XTD Ltd	Contact Light Pty Ltd	Total
	\$	\$	\$
Cash & cash equivalents	2,187,328	-	2,187,328
Other receivables	94,925	-	94,925
Other Assets	534,225	-	534,225
Plant and Equipment	763,539	-	763,539
Intangibles	186,700	-	186,700
Investments	28,894	-	28,894
	<b>3,795,611</b>	-	<b>3,795,611</b>
Liabilities			
Other payables	364,285	-	364,285
Provisions	13,122	-	13,122
Deferred tax liability	56,015	-	56,015
	<b>433,422</b>	-	<b>433,422</b>



2. SEGMENT INFORMATION (continued)

31 December 2018	XTD Ltd	Contact Light Pty Ltd	Total
	\$	\$	\$
Income	1,498,024	289,458	1,787,482
Deconsolidation of subsidiary	(867,619)	-	(867,619)
Commission - rail operators	(394,135)	-	(394,135)
Expenses	(1,139,453)	(133,678)	(1,273,131)
Income tax expense	18,670	-	18,670
Operating profit/(loss)	<b>(884,513)</b>	<b>155,780</b>	<b>(728,733)</b>
Other significant items:			
Depreciation	(252,861)	(799)	(253,660)
Amortisation of intangibles	(62,235)	-	(62,235)
Net loss after tax	<b>(1,199,609)</b>	<b>154,981</b>	<b>(1,044,628)</b>

30 June 2019	XTD Ltd	Contact Light Pty Ltd	Total
	\$	\$	\$
<b>Assets</b>			
Cash & cash equivalents	2,206,527	-	2,206,527
Other receivables	73,853	-	73,853
Other assets	50,000	-	50,000
Plant and Equipment	956,702	-	956,702
Investments	38,812	-	38,812
Intangibles	248,935	-	248,935
	<b>3,574,829</b>	<b>-</b>	<b>3,574,829</b>
<b>Liabilities</b>			
Other payables	358,413	-	358,413
Provisions	-	-	-
Deferred tax liability	74,685	-	74,685
	<b>433,098</b>	<b>-</b>	<b>433,098</b>

	December 2019	December 2018
<b>3. EXPENSES</b>	<b>\$</b>	<b>\$</b>
<b>Directors Fees</b>		
Directors fees	184,918	93,807
Superannuation	10,885	-
Directors consultancy fees	66,666	12,297
Other	8,814	-
	<u>271,283</u>	<u>106,104</u>
<b>Personnel expenses</b>		
Wages and salaries	16,000	216,479
Superannuation	1,520	19,977
Other	4,308	1,960
	<u>21,828</u>	<u>238,416</u>
<b>4. OTHER ASSETS</b>	<b>31 December 2019</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Deposit – Adline Media Pty Ltd acquisition	<u>534,225</u>	<u>50,000</u>
	<u>534,225</u>	<u>50,000</u>
<b>5. PLANT AND EQUIPMENT</b>		
Carrying amount of plant and equipment	<u>763,539</u>	<u>956,702</u>
<b>Reconciliation:</b>		
Balance at the beginning of the period	956,702	1,478,741
Additions	27,691	3,745
Disposals	(20,000)	
Provision for impairment	-	3,757
Loss on disposal of property, plant and equipment	(19,444)	(29,905)
Depreciation expense	(181,410)	(499,636)
<b>Balance at the end of the period</b>	<u>763,539</u>	<u>956,702</u>

6. INTANGIBLES

Contract rights	871,285	871,285
Less: Amortisation	(684,585)	(622,350)
	<u>186,700</u>	<u>248,935</u>

7. CONTRIBUTED EQUITY

(a) Share Capital

	December 2019 Shares	June 2019 Shares	December 2019 \$	June 2019 \$
Fully paid	<u>132,986,077</u>	<u>132,986,077</u>	<u>15,891,009</u>	<u>15,891,009</u>

(b) Movements in ordinary share capital:

Period ended 31 December 2019

Date	Details	Number of shares	Issue price	\$
01/07/19	Opening balance	132,986,077		15,891,009
31/12/19	Balance at end of period	132,986,077		15,891,009

Year ended 30 June 2019

Date	Details	Number of shares	Issue price	\$
01/07/18	Opening balance	132,986,077		15,891,009
30/06/19	Balance at end of period	132,986,077		15,891,009

## 8. SHARE BASED PAYMENTS

### Performance Rights – Employees and Managing Director - 22 November 2019

XTD Ltd issued 6,166,667 performance options to three individuals in two tranches, comprising Tranche 1 (3,700,000 performance rights) and Tranche 2 (2,466,667 performance rights). Each performance right will convert into 1 ordinary share of XTD Ltd upon achievement of the performance milestones. The determined fair value is to be recognised over the life of the performance rights. The performance milestones for each tranche of performance right is as follows:

Tranche 1: A 60 day VWAP of \$0.08.  
Tranche 2: A 60 day VWAP of \$0.12.

The assessed fair values of the performance rights were determined using a Monte Carlo pricing model, taking into account the exercise price, term of performance rights, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the performance rights. The inputs to the model used were:

Dividend Yield	-
Expected volatility (%)	100
Risk-free interest rate (%)	0.73
Expected life of options (years)	3.0
Option exercise price (\$)	-
Share price at grant date (\$)	0.03
Value of performance rights (\$) – Tranche 1	0.0175
Value of performance rights (\$) – Tranche 2	0.0146

The total expense arising from share based payment transactions recognised during the period in relation to the performance rights issued amounts to \$2,761 (2018: \$nil).

### Performance Options – Employees and Management - 22 November 2019

XTD Ltd issued 11,514,583 performance options to five individuals in two tranches, comprising Tranche 3 (6,908,750 options) and Tranche 4 (4,605,833 options). Each performance option will convert into 1 ordinary share of XTD Ltd upon exercise of the options. The determined fair value is to be recognised over the life of the performance options. The performance milestones for each tranche of performance option is as follows:

Tranche 3: A 60 day VWAP of \$0.08.  
Tranche 4: A 60 day VWAP of \$0.12.

## 8. SHARE BASED PAYMENTS (continued)

The assessed fair values of the options were determined using a Monte Carlo pricing model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option. The inputs to the model used were:

Dividend Yield	-
Expected volatility (%)	100
Risk-free interest rate (%)	0.73
Expected life of options (years)	3.0
Option exercise price (\$)	0.04
Share price at grant date (\$)	0.03
Value of option (\$) – Tranche 3	0.0102
Value of option (\$) – Tranche 4	0.0110

The total expense arising from share based payment transactions recognised during the period in relation to the performance options issued amounts to \$3,320 (2018: \$nil).

## 9. NON-CONTROLLING INTERESTS

	December 2019 \$	June 2019 \$
Interest in:		
Balance at beginning of period/year	-	(1,823,791)
Fair value of net assets acquired by the minority	-	-
Share of the profit/(loss) for the current period	-	86,592
Deconsolidation	-	1,737,199
Balance at the end of the period/year	-	-

Contact Light Pty Ltd (Contact Light) was a subsidiary of the group up to 31 October 2018. Up until this date XTD maintained control over Contact Light by a combination of a 44.13% shareholding and board control. All three current directors of Contact Light Pty Ltd were also directors of XTD Ltd up to 31 October. On 1 November 2018, three new directors were appointed to the board of XTD Ltd and three existing directors resigned. From 1 November 2018 up until 10 July 2019 there was one common director between XTD Ltd and Contact Light. From 11 July 2019 up to today's date there are no common directors between XTD Ltd and Contact Light. The board of XTD Ltd has determined that this has resulted in a loss of control of Contact Light, and have deconsolidated Contact Light from XTD's account from 1 November 2018 and have equity accounted from this date onwards. XTD Ltd maintains significant influence over Contact Light via its 42.90% ownership. The board of XTD Ltd has impaired the value of the investment in Contact Light to \$28,894 (2019: \$38,813) during the period as a result of strategic review of XTD Ltd's business. The loss on deconsolidation of Contact Light in the period is nil (2018: \$867,619).

## 10. DIVIDENDS

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

## 11. GUARANTEES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no new commitments, other than those that existed as at 30 June 2019 that the Company has entered into during the period under review.

## 12. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the Period on 6 January 2020, the Company completed the Acquisition of Adline by way of issuing 5,000,000 fully paid ordinary shares and payment of upfront cash consideration of \$468,000 to the Adline vendor (or its nominee).

Subsequent to the period on 20 January 2020 the Company advised that Automic Pty Ltd had been appointed as the Company's share registry service provider. The new share registry contact details are as follows:

Level 2, 267 St Georges Tce  
Perth WA 6000  
T: +61 (0) 2 9698 5414  
W: [www.automicgroup.com.au](http://www.automicgroup.com.au)

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect:

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

## DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 7 to 20 are in accordance with the *Corporations Act 2001*, including:
  - (i) Complying with AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- (b) There are reasonable grounds to believe that XTD Limited will be able to pay its debts as and when they become due and payable.

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

**On behalf of the Directors**



**Adam Cadwallader**  
**Managing Director**

**Perth, Western Australia**

**28 February 2020**

## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE MEMBERS OF XTD LIMITED

#### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of XTD Limited (the "Company") and controlled entities (the "consolidated entity") which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Company and the entities it controlled at 31 December 2019, or during the half year.

#### Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

#### Directors' Responsibility for the Half-Year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the Directors determine is necessary to enable the preparation of the half-year financial report that 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. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2019 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of XTD Ltd during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Level 4, 35 Havelock Street, West Perth, WA 6005  
PO Box 609, West Perth, WA 6872  
T: +61 8 9426 8999 F: +61 8 9426 8900 [www.pkfperth.com.au](http://www.pkfperth.com.au)

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### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the Directors' of the Company a written Auditor's Independence Declaration.

PKF Perth

PKF PERTH

*Simon Fermanis*

SIMON FERMANIS  
PARTNER

28 FEBRUARY 2020  
WEST PERTH,  
WESTERN AUSTRALIA

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