

VIVID TECHNOLOGY LIMITED
ACN 120 710 625
AND CONTROLLED ENTITIES

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017
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 2017.

Appendix 4D

Half Year Report for the six months to 31 December 2017

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 2017
 Previous corresponding periods: Financial year ended 30 June 2017
 Half- year ended 31 December 2016

2. Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	up	76.4%	to	\$3,810,069
Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>)	down	3.4%	to	\$2,170,358
Net loss for the period attributable to members (<i>item 2.3</i>)	down	3.4%	to	\$2,170,358
Dividends (<i>item 2.4</i>)		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 (<i>item 2.5</i>)		Not applicable.		
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>):				
<p>The consolidated loss of the group for the half-year after providing for income tax amounted to \$2,170,358 (2016: \$2,246,779 loss). Revenue and other income for the period increased by 76.4% to \$3,810,069 compared to the previous corresponding period (PCP). The increase in revenue was driven primarily by increased sales of energy efficient lighting systems to both new and existing customers.</p> <p>During the period, Vivid Technology increased its Area Under Light (AUL) at customer sites by 30% to 732,081 square metres, and helped its customers save an estimated 3.6 GWh of electricity consumption; equivalent to 3,682 tonnes of carbon dioxide emissions and \$737,838 in lighting energy costs.</p> <p>These savings capabilities drove strong growth in orders from both new and repeat customers. Customer orders received for delivery in the 2017/18 financial year total \$6,132,456, of which \$3,013,509 was recognised as revenue during the period and the remainder will be recognised upon delivery of lighting systems to customers.</p> <p>Business growth initiatives undertaken during the period drove a 5% increase in general expenses, and focused on:</p> <ul style="list-style-type: none"> - Investing in development of our intelligent lighting systems, including efficiency and connectivity capabilities; - Enhancing customer service and growing customer demand; and - Developing recurring revenue opportunities. <p>Other income reduced by 26% to \$796,560, driven by a reduction in expense reimbursement income in relation to the group's investment in NewCO2Fuels (NCF). NCF is currently finalising commercialisation arrangements for its award-winning CO₂-to-fuels technology, requiring less reimburseable expenditure in relation to the group's investment.</p>				
Refer to the attached interim financial report for further information on the above figures.				

3. Net tangible assets per security (item 3)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.7 cents	1.1 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 30 June 2016	Not applicable	\$nil
Final dividend year ended 30 June 2016	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':	2017	2016
	\$	\$
Profit (loss) from ordinary activities before tax	(598,953)	(423,909)
Income tax on ordinary activities	-	-
Net profit (loss) from ordinary activities after tax	(598,953)	(423,909)
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	(197,654)	(141,289)

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 has been independently reviewed. The financial report is not subject to a qualified independent review statement. The financial report is subject to an independent review statement that contains an emphasis of matter, details of which are set out in the independent review statement accompanying and forming part of this report.

10. Matters relating to a qualified independent review statement

A description of the dispute or qualification in respect of the independent review of the half-year financial report is provided below (item 9)

Not applicable.



Vividtechnology™

Vivid Technology Limited

ACN: 120 710 625
and controlled entities

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2017**

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2017

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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 2017 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

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

REVIEW OF OPERATIONS

The consolidated loss of the group for the half-year after providing for income tax amounted to \$2,170,358 (2016: \$2,246,779 loss).

Revenue and other income for the period increased by 76.4% to \$3,810,069 compared to the previous corresponding period (PCP). The increase in revenue was driven primarily by increased sales of energy efficient lighting systems to both new and existing customers.

During the period, Vivid Technology increased its Area Under Light (AUL) at customer sites by 30% to 732,081 square metres, and helped its customers save an estimated 3.6 GWh of electricity consumption; equivalent to 3,682 tonnes of carbon dioxide emissions and \$737,838 in lighting energy costs.

These savings capabilities drove strong growth in orders from both new and repeat customers. Customer orders received for delivery in the 2017/18 financial year total \$6,132,456, of which \$3,013,509 was recognised as revenue during the period and the remainder will be recognised upon delivery of lighting systems to customers.

Cash receipts from customers increased by 81% to \$5,762,156 compared to the PCP, and included deposits for orders to be delivered subsequent to balance date. This increase contributed to a net operating cash inflow for the period of \$678,696 (2016: \$1,833,144 outflow), and an increase in cash and cash equivalents to \$3,906,368.

Business growth initiatives undertaken during the period drove a 5% increase in general expenses, and focused on:

- Investing in development of our intelligent lighting systems, including efficiency and connectivity capabilities;
- Enhancing customer service and growing customer demand; and
- Developing recurring revenue opportunities.

Other income reduced by 26% to \$796,560, driven by a reduction in expense reimbursement income in relation to the group's investment in NewCO2Fuels (NCF). NCF is currently finalising commercialisation arrangements for its award-winning CO₂-to-fuels technology, requiring less reimburseable expenditure in relation to the group's investment.

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

REVIEW OF OPERATIONS (CONTINUED)

A Trade Finance Facility was established during the period, with \$500,000 initially available of a \$1,000,000 maximum limit. Together with a Borrowing Base Overdraft facility which is being established, these revolving working capital facilities are designed to assist the company execute on revenue opportunities for local and international customers.

In July 2017, 43,247,134 ordinary shares were issued during the period as part of a non-renounceable entitlement offer at an issue price of 4.5 cents per share. This resulted in proceeds of \$1,946,121 before associated costs. The company now has a total of 475,718,474 fully paid ordinary shares on issue, of which 13,618,739 are currently subject to voluntary escrow restrictions ending on 18 April 2018.

Following recent momentum in customer orders, Vivid Technology will continue to focus on its market approach of attracting multi-site portfolio customers through demonstrated energy savings capabilities.

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

No matter or circumstance has arisen since balance date that has significantly affected or may significantly affect the company's operations, results of those operations or state of affairs in future financial years, except as disclosed elsewhere in this half year financial report.

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 21st day of February 2018
Melbourne

**VIVID TECHNOLOGY LIMITED
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 2017, 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 Limited and the entities it controlled during the period.



B POWERS
Partner

21 February 2018



PITCHER PARTNERS
Melbourne

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Notes	Half-year	
		31 December 2017 \$	31 December 2016 \$
<i>Revenue and other income</i>			
Sales revenue		3,013,509	1,083,020
Gain on fair value of investments		-	17,272
Net foreign exchange gain		-	3,814
Other income	4	796,560	1,055,219
		<u>3,810,069</u>	<u>2,159,325</u>
<i>Less: Expenses</i>			
Employee benefits expenses		(2,017,446)	(2,005,060)
Costs incurred in the sale of inventories		(2,008,215)	(653,224)
Depreciation and amortisation expenses		(42,033)	(32,834)
Finance costs		(38,946)	(28,154)
Accounting and audit expenses		(104,639)	(65,503)
Marketing and promotion expenses		(198,755)	(140,520)
Rent and occupancy expenses		(152,669)	(124,661)
Consulting expenses		(243,666)	(195,783)
Foreign exchange losses		(4,479)	-
Impairment of trade receivables		-	(82,859)
Administrative expenses		(778,135)	(722,886)
Other expenses		(193,790)	(213,331)
TOTAL EXPENSES		<u>(5,782,773)</u>	<u>(4,264,815)</u>
Share of (loss) of associates accounted for using the equity method		<u>(197,654)</u>	<u>(141,289)</u>
LOSS BEFORE INCOME TAX EXPENSE		(2,170,358)	(2,246,779)
Income tax expense		-	-
LOSS FOR THE HALF-YEAR		<u>(2,170,358)</u>	<u>(2,246,779)</u>
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR		<u>(2,170,358)</u>	<u>(2,246,779)</u>
<i>Loss is attributable to:</i>			
Members of Vivid Technology Limited		(2,170,358)	(2,246,779)
Non-controlling interests		-	-
		<u>(2,170,358)</u>	<u>(2,246,779)</u>
<i>Earnings per share for loss attributable to the equity holders of the parent entity:</i>			
Basic loss per share (cents per share)		(0.46)	(0.65)
Diluted loss per share (cents per share)		(0.46)	(0.65)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		31 December 2017	30 June 2017
	Notes	\$	\$
<i>Current assets</i>			
Cash and cash equivalents		3,906,368	1,514,246
Receivables	5	447,443	791,067
Inventories		1,630,901	1,593,369
Other financial assets		54,124	54,124
Other current assets		287,140	225,351
TOTAL CURRENT ASSETS		6,325,976	4,178,157
<i>Non-current assets</i>			
Receivables	5	1,015,190	686,076
Equity accounted investments	6	1,374,531	1,572,185
Property, plant and equipment		183,701	168,141
Intangible assets	7	2,135,099	2,108,009
TOTAL NON-CURRENT ASSETS		4,708,521	4,534,411
TOTAL ASSETS		11,034,497	8,712,568
<i>Current liabilities</i>			
Payables		2,033,024	1,614,929
Borrowings	8	399,397	35,000
Income in advance		2,379,176	573,618
Provisions		335,453	295,905
TOTAL CURRENT LIABILITIES		5,147,050	2,519,452
<i>Non-current liabilities</i>			
Borrowings	8	73,333	66,111
Provisions		164,836	156,491
TOTAL NON-CURRENT LIABILITIES		238,169	222,602
TOTAL LIABILITIES		5,385,219	2,742,054
NET ASSETS		5,649,278	5,970,514
<i>Equity</i>			
Share capital	9	36,855,596	35,205,628
Reserves		589,512	677,458
Accumulated losses		(31,755,493)	(29,872,235)
EQUITY ATTRIBUTABLE TO THE OWNERS OF VIVID TECHNOLOGY LIMITED		5,689,615	6,010,851
Non-controlling interest		(40,337)	(40,337)
TOTAL EQUITY		5,649,278	5,970,514

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Share Capital	Reserves	Accumulated Losses	Non- controlling interest	Total Equity
	\$	\$	\$	\$	\$
Consolidated					
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)
<i>Transactions with owners in their capacity as owners</i>					
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
BALANCE AT 1 JULY 2016	27,747,113	454,175	(24,470,731)	(40,337)	3,690,220
Loss for the half year	-	-	(2,246,779)	-	(2,246,779)
TOTAL LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR	-	-	(2,246,779)	-	(2,246,779)
<i>Transactions with owners in their capacity as owners</i>					
Contributions	3,815,320	-	-	-	3,815,320
Costs of raising capital	(205,765)	-	-	-	(205,765)
Shares issued in connection with the acquisition of Ilum-a-Lite Pty Ltd	963,582	-	-	-	963,582
Equity based payments	-	159,636	-	-	159,636
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	4,573,137	159,636	-	-	4,732,773
BALANCE AT 31 DECEMBER 2016	32,320,250	613,811	(26,717,510)	(40,337)	6,176,214

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Half-year	
	31 December 2017	31 December 2016
	\$	\$
<i>Cash flow from operating activities</i>		
Receipts from customers	5,762,156	3,189,171
Payments to suppliers and employees	(5,684,473)	(5,019,050)
Research and development rebates received	624,787	-
Interest received	4,329	5,673
Interest and other costs of finance paid	(28,103)	(8,938)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	<u>678,696</u>	<u>(1,833,144)</u>
<i>Cash flow from investing activities</i>		
Purchase of property, plant and equipment	(10,404)	(24,806)
Payment for acquisition	-	(963,582)
Loans to related entities	(314,985)	(333,866)
Payments for bonds and deposits	54,124	54,124
Proceeds from matured bonds and deposits	(54,124)	(54,124)
NET CASH USED IN INVESTING ACTIVITIES	<u>(325,389)</u>	<u>(1,322,254)</u>
<i>Cash flow from financing activities</i>		
Proceeds from borrowings	659,221	400,000
Repayment of borrowings	(332,602)	(450,996)
Proceeds from issues of ordinary shares	1,946,121	3,815,320
Capital raising costs	(234,175)	(205,765)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,038,565</u>	<u>3,558,559</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,391,872	403,161
Foreign exchange differences on cash holdings	250	27
Cash and cash equivalents at beginning of the half-year	1,514,246	1,326,296
CASH AND CASH EQUIVALENTS AT END OF THE HALF-YEAR	<u>3,906,368</u>	<u>1,729,484</u>

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2017

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 2017 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 and controlled entities 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 14, 500 Collins Street, Melbourne, 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 2017 and the corresponding half-year.

(b) 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.

The consolidated entity incurred a net loss for the half year of \$2,170,358 (2016: \$2,246,779 loss).

The Directors have concluded that the going concern basis is appropriate, based on analysis of the company's internal cash flow forecasts which include expected future cash flows over the next 12 months. 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.

If the company is unable to trade as forecast or the actual outcomes differ significantly from the assumptions used, the company 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.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2017

(b) 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.

(c) Accounting standards issued but not yet effective

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below.

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.

When adopted, the standard could change the classification and measurement of financial assets. 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 is not expected to have a material impact on the consolidated entity's accounting for financial liabilities.

The effective date is annual reporting periods beginning on or after 1 January 2018.

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.

The effective date is for annual reporting periods beginning on or after 1 January 2018. The changes in revenue recognition requirements in AASB 15 are not anticipated to have a material effect on previously recognised amounts or current contractual arrangements. Any impacts of AASB 15 on future contracts with customers (such as the timing and amount of revenue to be recognised, and additional disclosures) will depend on the substance of those contracts at the time.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2017

(c) Summary of the significant accounting policies (continued)

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. However, it is not practicable to provide a reasonable estimate of the effect of AASB 16 on future transactions to the extent that their form is yet to be determined.

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and AASB 2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128

AASB 2014-10 amends AASB 10: Consolidated Financial Statements and AASB 128: Investments in Associates and Joint Ventures to clarify the accounting for the sale or contribution of assets between an investor and its associate or joint venture by requiring:

- a full gain or loss to be recognised when a transaction involves a business, whether it is housed in a subsidiary or not; and
- a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The effective date is annual reporting periods beginning on or after 1 January 2018.

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2016-5: Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

This Amending Standard amends AASB 2: Share-based Payment to address:

- the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and
- the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The effective date is annual reporting periods beginning on or after 1 January 2018.

This Standard is not expected to significantly impact the Group's financial statements.

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 impact has not yet been completed.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2017

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 and Vivid Ilumalite, 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 project that are currently being considered. This segment includes the consolidated entity's investment in NCF Global Pty Ltd and its previous investment in NewCO2Fuels Ltd.

Segment 3: Other Investments

The segment "other investments" includes the company'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 company's core focus no longer includes geothermal activities.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2017

NOTE 3: SEGMENT INFORMATION (continued)

(b) Segment information

2017	Energy Efficiency \$	Technology Investment \$	Other Investment \$	Total \$
<i>Segment revenue</i>				
Total segment revenue	3,647,547	86,802	-	3,734,349
Inter-segment revenue	-	-	-	-
SEGMENT REVENUE FROM EXTERNAL SOURCE	<u>3,647,547</u>	<u>86,802</u>	<u>-</u>	<u>3,734,349</u>
<i>Segment result</i>				
Total segment result	(1,231,696)	(379,690)	-	(1,611,386)
Inter-segment eliminations	-	-	-	-
SEGMENT RESULT FROM EXTERNAL SOURCE	<u>(1,231,696)</u>	<u>(379,690)</u>	<u>-</u>	<u>(1,611,386)</u>
<i>Total segment assets</i>	<u>4,724,461</u>	<u>2,391,586</u>	<u>-</u>	<u>7,116,047</u>
<i>Total segment liabilities</i>	<u>4,534,863</u>	<u>-</u>	<u>15,000</u>	<u>4,549,863</u>
2016				
<i>Segment revenue</i>				
Total segment revenue	1,745,972	384,709	-	2,130,681
Inter-segment revenue	-	-	-	-
SEGMENT REVENUE FROM EXTERNAL SOURCE	<u>1,745,972</u>	<u>384,709</u>	<u>-</u>	<u>2,130,681</u>
<i>Segment result</i>				
Total segment result	(1,557,321)	35,379	-	(1,521,942)
Inter-segment eliminations	-	-	-	-
SEGMENT RESULT FROM EXTERNAL SOURCE	<u>(1,557,321)</u>	<u>35,379</u>	<u>-</u>	<u>(1,521,942)</u>
<i>Total segment assets</i>	<u>3,916,675</u>	<u>2,126,087</u>	<u>-</u>	<u>6,042,762</u>
<i>Total segment liabilities</i>	<u>1,663,875</u>	<u>-</u>	<u>15,000</u>	<u>1,678,875</u>

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2017

	Notes	Half-year	
		31 December 2017	31 December 2016
		\$	\$
NOTE 3: SEGMENT INFORMATION (continued)			
(b) Segment information (continued)			
<i>(i) Reconciliation of segment result to the condensed consolidated statement of comprehensive income</i>			
Segment result from external source		(1,611,386)	(1,521,942)
Interest revenue		68,692	5,673
Interest expense		(36,547)	(26,517)
Depreciation and amortisation		(42,033)	(32,834)
Net foreign exchange gain/(loss)		(4,479)	3,814
Unallocated revenue and gains		6,879	17,272
Unallocated expenses		(551,484)	(692,245)
Total loss before income tax		<u>(2,170,358)</u>	<u>(2,246,779)</u>

NOTE 4: OTHER INCOME

Research and development tax concession rebate	624,787	627,086
Other income	171,773	428,133
	<u>796,560</u>	<u>1,055,219</u>

	31 December 2017	30 June 2017
	\$	\$

NOTE 5: RECEIVABLES

Current

Trade receivables	490,162	748,869
Less: provision for impairment	(87,464)	(103,383)
	<u>402,698</u>	<u>645,486</u>
Other receivables	44,745	145,581
	<u>447,443</u>	<u>791,067</u>

Non current

Trade receivables	-	40,136
Loan receivable from associate	1,015,190	645,940
	<u>1,015,190</u>	<u>686,076</u>

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2017

	31 December 2017	30 June 2017
Notes	\$	\$
Equity accounted investment in associated entities	<u>1,374,531</u>	<u>1,572,185</u>

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 \$197,654 (2016: \$141,289), being the group's share of the net loss of that associate for the period.

The amounts shown above pertain to the group's effective economic interest in NewCO2Fuels Ltd of 33%, which is equity accounted as an investment in associate. The investment is represented at balance date by a 50% interest in NCF Global, which in turn holds 66% of NewCO2Fuels Ltd. The group also has loans receivable of \$1,015,190 (30 June 2017: \$645,940) from NCF Global, which is a related entity of the group.

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

Loan receivable from associate	5	1,015,190	645,940
Equity accounted investment in associated entities	6	<u>1,374,531</u>	<u>1,572,185</u>
		<u>2,389,721</u>	<u>2,218,125</u>

Refer to Note 14 (a) for details of the impairment assessment methodology relating to the group's investment.

NOTE 7: INTANGIBLE ASSETS

Goodwill at cost	2,012,138	2,012,138
Accumulated impairment loss	-	-
	<u>2,012,138</u>	<u>2,012,138</u>
Software licenses at cost	166,624	125,715
Accumulated amortisation	<u>(43,663)</u>	<u>(29,844)</u>
	<u>122,961</u>	<u>95,871</u>
	<u>2,135,099</u>	<u>2,108,009</u>

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

The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of 5% for cash flows in years two to five which is below the historical average, a terminal value growth rate of 5% and a post-tax discount rate of 15.5% (30 June 2017: 15.5%) to determine value-in-use.

No reasonable change in the key assumptions of the value in use calculations would result in impairment.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2017

Notes	31 December 2017 \$	30 June 2017 \$
NOTE 8: BORROWINGS		
<i>Current</i>		
Trade Finance Facility (secured)	349,397	-
Lease liability (unsecured)	50,000	35,000
	<u>399,397</u>	<u>35,000</u>
<i>Non current</i>		
Lease liability (unsecured)	<u>73,333</u>	<u>66,111</u>

During the period, the company established a Trade Finance Facility, with \$500,000 initially available of a \$1,000,000 maximum limit, at an interest rate of 9.48%, secured by a registered first ranking security over the assets of the group. The company has also commenced arrangements for entry into a detailed documentation for a Borrowing Base Overdraft facility.

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

NOTE 9: CONTRIBUTED CAPITAL

Issued and paid up capital

475,718,474 (2017: 432,471,340) ordinary shares issued	<u>36,855,596</u>	<u>35,205,628</u>
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(i) 43,247,134 fully paid ordinary shares were issued during the period for 4.5 cents per share pursuant to a non-renounceable entitlement offer, for total proceeds of \$1,946,121 before cash costs of \$130,553. During the period, the company also issued a total of 9,000,000 unlisted incentive options to third parties in connection with the entitlement offer and a share placement undertaken in June 2017, resulting in non-cash costs of \$165,600.

Share options

Specifications of these options, as well as an additional 472,000 options issued for unrelated services provided to the company, are as follows:

No. of options	Exercise price	Issue date	Expiry date
3,000,000	6.5 cents	28 July 2017	30 June 2020
472,000	12.5 cents	28 July 2017	28 July 2020
3,000,000	7.5 cents	28 July 2017	30 June 2021
3,000,000	10.0 cents	28 July 2017	30 June 2021

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2017

Notes	31 December 2017 \$	30 June 2017 \$
NOTE 10: COMMITMENTS		
Lease expenditure commitments		
<i>Operating leases (non-cancellable)</i>		
Minimum lease payments:		
Not later than one year	145,344	205,906
Late that one year and not later than five years	-	58,533
	145,344	264,439
Operating lease commitments relate to lease of office premises.		
Capital expenditure commitments		
<i>Technology</i>		
Estimated aggregate amount payable:		
Not later than one year	242,946	34,189
	242,946	34,189
Capital expenditure commitments for technology relate to commitments for purchases of inventory and plant and equipment.		
Bank guarantees		
Maximum amounts bank may call:		
Exploration	45,000	45,000
	45,000	45,000

NOTE 11: RELATED PARTY TRANSACTIONS

During the financial period, the company received a total of \$86,729 (2016: \$384,709) from Erdi Fuels Pty Ltd 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 12: CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since 30 June 2017.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2017

NOTE 13: SUBSEQUENT EVENTS

No matter or circumstance has arisen since balance date that has significantly affected or may significantly affect the company's operations, results of those operations or state of affairs in future financial years, except as disclosed elsewhere in this half year financial report.

NOTE 14: 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 4 to 17 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 consolidated entity as at 31 December 2017 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 21st day of February 2018
Melbourne

**VIVID TECHNOLOGY LIMITED
ACN 120 710 625
AND CONTROLLED ENTITIES**

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

We have reviewed the accompanying half-year financial report of Vivid Technology Limited (“the Company”) and controlled entities (“the Group”), which comprises the condensed consolidated statement of financial position as at 31 December 2017, 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 of the Group comprising the Company and the entities it controlled at the period’s end or from time to time during the half year.

Directors’ Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with 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. 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 Group’s financial position as at 31 December 2017 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 the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

**VIVID TECHNOLOGY LIMITED
ABN 120 710 625
AND CONTROLLED ENTITIES**

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

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 Vivid Technology Limited and controlled entities is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2017 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*.

Emphasis of Matter in relation to Going Concern

We draw attention to Note 1 (b) – Going Concern in the financial report, which indicates that the Group incurred a net loss of \$2,170,358 for the half year ended 31 December 2017. As stated in Note 1 (b) this event, along with the other matters as set forth in Note 1 (b), indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of the matter.



B POWERS
Partner

21 February 2018



PITCHER PARTNERS
Melbourne