



**XTEK LTD**  
ABN 90 103 629 107



## Release to the Australian Securities Exchange

### **Update of Business Operations – August 2008**

**Friday 15<sup>th</sup> August 2008** The Directors wish to provide an update on business operations of the Company. This update follows on from previous information as released to the market on 27<sup>th</sup> May 2008 concerning the 2008 forecast and restructuring of the business to reduce operating expense by \$2.4 million.

#### **Company Restructuring**

Restructure plans for the Company have been implemented in respect to the consolidation of business operations into a single facility and the resulting reduction in staffing levels. The logistic engineering capability has been successfully relocated with minimal disruption to business operations and is now fully functional at the Head Office site. The planned closure of the R&D Facility in Adelaide is on track with scheduled closure by 31<sup>st</sup> December 2008. This will provide benefits through improved coordination, shared administration and a single interface with customers. Cost savings have been realised through the consolidation of functions and the reduction of staff numbers consistent with the recent forecast.

#### **Provisional (Unaudited) results for 2007/2008**

XTEK's expected 2008 operating loss before restructuring and impairment costs is expected to be \$2.66m which includes \$0.836m in expenses from the Adelaide R&D operations announced for discontinuance. Additional costs for restructure of the discontinued operations are expected to be approximately \$1.94m and shown within the accounts to 30 June 2008. Specific details in relation to restructuring costs and write downs as a result of discontinued operations will be disclosed within the Preliminary Annual Report (Appendix 4E).

XTEK total loss for 2008 will be approximately \$4.608m (\$2.118m in 2007).

Agency sales fell 36% from \$12.7m in 2007 to that of \$8.1m in 2008 largely due to delays in orders from government customers and delivery delays from overseas suppliers.

#### **Cash at Bank – 30 June 2008**

Cash and cash equivalents as at 30<sup>th</sup> June 2008 were \$725.8k (\$2.3m for 2007)

#### **Net Asset Values**

The net tangible asset backing at 30<sup>th</sup> June 2008 was \$0.03 (\$0.09 in 2007).

#### **Accumulated Tax Losses**

The accumulated tax losses for which no deferred tax asset has been recognised as at 30<sup>th</sup> June 2008 are expected to be in excess of \$11 million (\$9.030m in 2007) representing approximately \$0.05 per share.

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#### **Head Office**

25 Yallourn Street (PO Box 333), Fyshwick ACT 2609 Australia  
Telephone: +61 (0) 2 6280 6321, Facsimile: +61 (0) 2 6280 6518, Website: [www.xtek.net](http://www.xtek.net)

#### **Branch Offices**

<b>Sydney Office</b>	5/7 Cunningham Street, Moorebank NSW 1875	Tel: +61 (0) 2 9821 4296	Fax: +61 (0) 2 9821 3953
<b>Melbourne Office</b>	Suite 1401, 1 Queens Road Melbourne VIC 3004	Tel: +61 (0) 3 9863 7170	Fax: +61 (0) 3 9863 7165
<b>Adelaide Office</b>	Unit 6, 183 Philip Highway, Elizabeth SA 5112	Tel: +61 (0) 8 8482 9990	Fax: +61 (0) 8 8252 1155

## Sales Activities FY 08/09

Sales to date for 2009 have been very encouraging with the receipt this week of significant orders from Defence and Police agencies for specialist bomb response equipment to the value of \$2.3 million. In addition an order to the value of \$550k for the supply of specialist sniper weapon systems will be delivered this month.

XTEK Ltd is the leading company in the Australian Homeland Security Market. XTEK's knowledge and expertise is focused on the delivery of leading solutions for defence forces, state and federal law enforcement agencies, corrections and customs services, and government clients. For more information visit the XTEK web site at [www.xtek.net](http://www.xtek.net)

For further information please contact:

Mr. David Jarvis  
Chief Executive Officer  
XTEK Limited  
[David.Jarvis@xtek.net](mailto:David.Jarvis@xtek.net)  
(02) 6280 6321

Mr. Lawrence Gardiner  
Company Secretary  
XTEK Limited  
[Laurie@xtek.net](mailto:Laurie@xtek.net)  
(02) 6280 6321

**Signed** for and on behalf of XTEK Limited:



Lawrence A Gardiner  
Company Secretary  
15<sup>th</sup> August 2005

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