

MARKET RELEASE

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Xenith IP Group Limited

Half year financial results to 31 December 2015 (H1 FY16)

- Pro forma* group revenue of \$16.3 million, representing growth of 21% on H1 FY15
- Pro forma* EBITDA of \$4.9 million, representing growth of 73% on H1 FY15
- Pro forma* EBITDA margin (% of professional fees) of 36%, up from 25% in H1 FY15
- Pro forma* NPAT of \$3.2 million, representing earnings per share (EPS) of \$0.10
- Successful completion of corporate restructure and Initial Public Offering (IPO) in November 2015
- The Company remains confident of achieving Prospectus forecasts for the full year.

Xenith IP Group Limited (**Xenith** or **the Company**; ASX: XIP) today announced its results for the six month period to 31 December 2015. The Company's pro forma NPAT for the half year was \$3.2 million, which represents growth of 76% on the prior corresponding period (\$1.8 million) and which equates to pro forma earnings per share of \$0.10. Key financial highlights from the results are set out below.

H1 FY16 Financial Highlights

AU\$ million (unless stated otherwise)	Statutory H1 FY16	Pro forma H1 FY15*	Pro forma H1 FY16*	Pro forma Change (%)
Group Revenue	16.5	13.5	16.3	+21%
EBITDA	4.1	2.8	4.9	+73%
EBITDA Margin† (%)	30%	25%	36%	+11%
NPAT	3.7	1.8	3.2	+76%

* Pro forma results are presented to highlight the performance of the underlying business, adjusted for IPO costs and other one-off expenses associated with occupancy reorganisation and restructuring of the business. Please refer to the Directors' Report and Appendix 4D for more detailed information and reconciliation between the statutory and pro forma results.

† EBITDA margin calculated as % of professional fees.

Commenting on the H1 FY16 results Managing Director, Stuart Smith, said “We are pleased with the strong performance of the business over the last six months. Together with the successful completion of the corporate restructure and ASX listing in November 2015, this represents a significant landmark in the Company’s proud 156 year history.”

Mr Smith added “The robust result, positive underlying business conditions and strong momentum in the first half put Xenith in a favourable position to achieve its FY16 Prospectus forecasts and set up the business for future growth and development.”

Business Performance

Xenith continued to grow revenue and underlying earnings in the first six months to 31 December 2015, demonstrating solid performance across its core business activities.

Revenue growth was supported in part by legislative changes in the United States, the positive impact of which is not expected to be reflected in the second half of the financial year. Tailwinds also resulted from favourable movements in the AUD/USD exchange rate.

Net debt as at 31 December 2015 was \$1.3 million, reflecting the impact of new equity raised through the IPO in November and the cash generative nature of the business. Work in progress (WIP) continues to be tightly controlled and was \$0.65 million as at 31 December 2015, equivalent to eight days of professional fee revenue.

Outlook

Business performance for the first half of FY16 has exceeded expectations. The Company continues to generate strong cash flow and maintain a strong balance sheet, remaining well positioned to continue its organic growth. Although not all factors contributing to earnings in the first half are expected to prevail in the second half of the financial year, Xenith remains confident of achieving its FY16 Prospectus forecasts. The Board is also actively considering strategies to mitigate risks and reduce potential earnings volatility associated with foreign exchange rate movements.

The Company anticipates that the first dividend to shareholders will be declared in respect of the financial year ending 30 June 2016, and will become payable in October 2016. The Company is targeting an annual dividend payout ratio of 70% to 90% of NPAT.

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About Xenith IP Group Limited

Xenith IP Group is the holding company for the group of entities that comprise the Shelston IP business. The Group’s core business is to provide a range of intellectual property (IP) services, including identification, registration, management, commercialisation and enforcement of IP rights for a broad spectrum of clients in Australia, New Zealand and the rest of the world.

Additional information is available at www.xenithip.com