

# Xped Limited



## Appendix 4D Half Year Report ended 31 December 2017

### Results for announcement to the market

	<i>Movement</i>			\$ 31 December 2017	\$ 31 December 2016
Revenue from ordinary activities	<i>up</i>	<i>377%</i>	<i>to</i>	2,818,693	591,017
Loss from ordinary activities after tax attributable to members	<i>up</i>	<i>44%</i>	<i>to</i>	(5,664,906)	(3,920,747)
Net Loss for the period attributable up to members	<i>up</i>	<i>44%</i>	<i>to</i>	(5,664,906)	(3,920,747)
<b>Earnings per Security (cents per share)</b>					
Basic (loss) per share				(0.41)	(0.38)*
<b>Net Tangible Asset Backing</b>					
Per ordinary Security (cents per share)				0.45	0.24*

#### **Dividends Payable**

The Directors do not propose or recommend the payment of a dividend.

#### **Control gained over entities having a material effect**

Nil

#### **Loss of control of entities having a material effect**

Nil.

#### **Detail of associates and joint venture entities**

Nil.

\*Adjusted for 2 for 1 share consolidation which occurred during 2017.

# Xped Limited

ABN 89 122 203 196



ASX:XPE

## **Interim Financial Report for the half financial year ended 31 December 2017**

**Xped Limited** ABN 89 122 203 196

# Interim Financial Report – Half-Year Ended 31 December 2017

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This interim financial report does not include all of the notes and other disclosure information 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 financial year ended 30 June 2017 and any public announcements made by Xped Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## Corporate Directory

### Directors

Mr Peter Hunt, Chairman  
Mr Athan Lekkas, Executive Director  
Mr Christopher Wood, Executive Director

### Company Secretary

Ms Julie Edwards

### Principal Registered Office in Australia

Level 6, 412 Collins Street  
Melbourne, Victoria 3000

### Share Registry

Automic Registry Services  
Suite 310  
Level 3, 50 Holt Street  
Surry Hills  
NSW 2010  
  
Phone: 1300 288 664  
Overseas Callers: 61 8 9324 2099  
Facsimile: 61 8 9321 2337

### Auditor

Pitcher Partners  
Chartered Accountants  
Central Plaza One  
345 Queen Street  
Brisbane 4000

### Stock Exchange Listing

Australian Securities Exchange Ltd  
XPE – Listed Ordinary Shares  
XPEOC - Listed Options Over Ordinary Shares  
XPEOD - Listed Options Over Ordinary Shares

### Website Address

[www.xped.com](http://www.xped.com)

## **Directors' Report**

The directors present their report on the consolidated entity consisting of Xped Limited (the “company” or “Xped”) and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

### **Directors**

The following persons were directors of Xped Limited during the half-year under review and up to the date of this report, unless otherwise stated:

Mr Peter Hunt	Non-Executive Chairman (Appointed 4 September 2017) as a Director
Mr Athan Lekkas	Executive Director
Mr Martin Despain	Managing Director (resigned 30 November 2017)
Mr John Schultz	Executive Director (resigned 22 September 2017)
Mr Christopher Wood	Executive Director
Dr Wenjun Sheng	Non-executive Director (resigned 22 September 2017)

### **Company Secretary**

Mrs Julie Edwards

### **Principal Activities**

Xped is focused on the commercialisation of ADRC and the growing of revenue through multiple streams based on its core technology strengths - ADRC, Xped App, Gateway Solutions, Cloud Infrastructure, its range of Devices and interoperability. Xped's revenue streams will be built on Smart Home & Consumer Solutions, Professional Healthcare Technology Solutions, and Smart Building Solutions.

JCT provides the Company with a channel in which to sell Professional Healthcare Technology equipment and solutions. JCT's expansion into delivering assisted independent living technologies has great synergies with Xped's core IoT platform and Smart Home and Smart Building solutions.

### **Dividends**

The directors recommend that no dividend be paid or declared at this point in time. No amounts have been paid or declared by way of dividend during the half-year period under review.

### **Review and Results of Operations**

The consolidated entity realised a loss after tax for the half-year of \$5,688,053 (HY 31 Dec 16: loss of \$3,920,747).

The following provides a summary of Xped's activities and achievements during the course of the half year:

### **HIGHLIGHTS OF THE HALF YEAR**

- In July 2017, Xped confirmed that production of the Lenze iPark USB charging lead device commenced in June. Xped together with a chosen software contractor have developed the iPark apps for both the IOS and Android platforms for Lenze.
- In July 2017, JCT was successful in being awarded two separate Research and Development grants from TechniSA. Xped provided a successful demonstration of a smart home solution to a telecommunication provider based in the Asian region. JCT Healthcare demonstrated their technology solution to senior representatives of Disability SA (the client), as well as a representative from the SA Government.

## **Directors' Report (continued)**

- In August 2017, Jackson Care Technology Pty Ltd ("JCT") won a \$649,000 tender with Renewal SA. This is for the supply, installation and support of assistive technologies to approximately 30 properties.
- In August 2017, the company repaid the aggregate Face Value of the outstanding convertible securities from Tranche 1A.
- In August 2017, Xped signed an agreement with Eastool Solution (Eastool) in Malaysia to provide local support for Malaysia and the surrounding region. Eastool provides Xped with local business development, technical, and logistical support. Xped is pursuing opportunities to sell its Smart Home Solution within this region.
- The Company completed a placement of 249,999,999 shares at 1.2c to raise \$3m capital in August 2017.
- On 1 November 2017, JCT Healthcare Pty Ltd ("JCTH") was successful in winning several tenders with its Smart Home Assisted Living Technology Solution.
- On 9 November 2017, Xped announced the receipt of a Research and Development ("R&D") Tax Refund from the Australian Tax Office of \$2,335,259.66 for the financial year ending 30 June 2017.
- In December 2017, Xped invested in Marketplace Services Pty Ltd ("MPS"). The investment consists of an allocation of 25 million shares for 5.5% shareholding in Marketplace Services Pty Ltd. Xped has also provided a loan of \$350,000. Xped has the option to convert the loan as equity in the business. This loan is convertible into a further 12% equity of MPS on or before 1 December 2019.
- In December 2017, Xped announced it had entered into a binding term sheet agreement with Heuresy LLC. The term sheet is subject to two conditions precedent both of which were satisfied on the 14th of December. Under these arrangements both parties will work together to expand the use of Auto Discovery Remote Control ("ADRC") technologies and App into the cyber-security sector targeting use by United States Government agencies.

## **Health, Safety, Environment, and Community**

- During the half-year under review, there were no reportable incidents relating to health, safety, or community-related matters.
- No business objective will take priority over the Occupational Health and Safety Policy and the Company's record of achievement in this important area of its activities will form an essential part of the measure of its overall success.

## **Significant changes in the nature of activities**

Other than as disclosed in this report, there were no other changes in the nature of activities that occurred during the course of the financial year.

## **Events Occurring After Balance Sheet Date**

On 18 January 2018, 568,679,000 Listed Options with an exercise price \$0.04 expired unexercised.

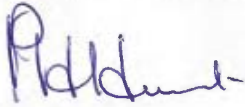
There have been no other events, in the interval between the end of the financial year and the date of this report, any matter or circumstance that has significantly affected, or may significantly affect the Consolidated Group's operations, results or the state of affairs in future financial years.

**Directors' Report (continued)**

**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 7.

This report is made in accordance with a resolution of directors.

A handwritten signature in blue ink, appearing to read 'P. Hunt', is written over the printed name.

**Mr Peter Hunt**  
**Director**

**Melbourne, Victoria**  
**28 February 2018**



**PITCHER PARTNERS**

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KYLIE LAMPRECHT  
NORMAN THURECHT  
BRETT HEADRICK  
WARWICK FACE  
NIGEL BATTERS  
COLE WILKINSON  
SIMON CHUN  
JEREMY JONES

## Auditor's Independence Declaration

### To the Directors of Xped Limited.

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 Xped Limited and the entities it controlled during the period.

PITCHER PARTNERS

JASON EVANS  
Partner

Brisbane, Queensland  
28 February 2018



## Consolidated Statement of Comprehensive Income

		Half-Year	
		2017	2016
	Notes	\$	\$
<b>Revenue and other income from continuing operations</b>	3	2,818,693	591,017
Employee and contracting expenses		(1,562,528)	(338,718)
Finance costs		(716,112)	(25,717)
Directors fees		(751,534)	(858,035)
Consulting and advisory fees		(462,797)	(1,179,358)
Occupancy costs		(138,743)	(95,726)
Travel		(105,044)	(384,299)
Marketing and promotion		(77,008)	(128,383)
Professional and legal fees		(297,955)	(523,141)
Materials		(710,781)	(246,488)
Patents and Trademarks		(107,310)	(3,554)
Depreciation		(159,679)	(179,088)
Foreign currency gain / (losses)		(3,526)	(38,958)
Impairment of other receivables	5	(400,000)	-
Impairment of development costs	7	(2,741,984)	-
Impairment of capitalised joint venture costs		(3,678)	-
Other expenses		(275,117)	(234,114)
Exploration rehabilitation costs		-	(270,000)
Loss on sale of assets		-	(6,185)
<b>Loss before income tax</b>		<b>(5,688,053)</b>	<b>(3,920,747)</b>
Income tax expense		-	-
<b>Loss for the half-year</b>		<b>(5,688,053)</b>	<b>(3,920,747)</b>
Other comprehensive income		-	-
<b>Other comprehensive income for the half-year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the half-year</b>		<b>(5,688,053)</b>	<b>(3,920,747)</b>
Loss attributable to:			
Owners of the parent		(5,664,906)	(3,920,747)
Non-controlling interests		(23,147)	-
		<b>(5,688,053)</b>	<b>(3,920,747)</b>
Total comprehensive income attributable to:			
Owners of the parent		(5,664,906)	(3,920,747)
Non-controlling interests		(23,147)	-
		<b>(5,688,053)</b>	<b>(3,920,747)</b>
<b>Earnings per share for loss attributable to the shareholders of the company</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted (loss) per share		(0.41)	(0.19)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position

		31 December 2017 \$	30 June 2017 \$
	Notes		
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,821,853	6,234,199
Other financial assets	4	900,668	890,000
Trade and other receivables	5	1,548,765	1,577,524
Prepayments		128,039	171,809
Inventory	6	567,024	372,034
Current tax asset		-	183,448
<b>Total current assets</b>		<b>7,966,349</b>	<b>9,429,014</b>
<b>Non-current assets</b>			
Other financial assets	4	250,000	-
Plant and equipment		232,097	359,152
Intangible assets	7	58,526	2,844,066
Investments accounted for using the equity method	8	-	-
<b>Total non-current assets</b>		<b>540,623</b>	<b>3,203,218</b>
<b>TOTAL ASSETS</b>		<b>8,506,972</b>	<b>12,632,232</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	566,876	1,708,480
Borrowings	10	157,355	1,498,695
Provisions	11	761,357	1,024,807
Income in advance		24,949	-
<b>Total current liabilities</b>		<b>1,510,537</b>	<b>4,231,982</b>
<b>Non-current liabilities</b>			
Other payables	9	-	478,000
Borrowings	10	228,030	228,030
Provisions		34,780	56,032
Deferred Tax Liability		-	12,768
<b>Total non-current liabilities</b>		<b>262,810</b>	<b>774,830</b>
<b>TOTAL LIABILITIES</b>		<b>1,773,347</b>	<b>5,006,812</b>
<b>NET ASSETS</b>		<b>6,733,626</b>	<b>7,625,420</b>
<b>EQUITY</b>			
Contributed equity	12	26,891,349	22,071,943
Reserves		663,000	663,000
Accumulated losses		(20,844,032)	(15,155,979)
Non-controlling interests		23,309	46,456
<b>TOTAL EQUITY</b>		<b>6,733,626</b>	<b>7,625,420</b>

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

## Consolidated Statement of Changes in Equity

	Contributed Equity	Reserves	Accumulated Losses	Non- controlling Interests	Total
	\$	\$	\$	\$	\$
<b>2017</b>					
<b>Balance at 1 July 2017</b>	22,071,943	663,000	(15,155,979)	46,456	7,625,420
Loss for the year	-	-	(5,688,053)	(23,147)	(5,711,200)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	22,071,943	663,000	(20,844,032)	23,309	1,914,220
<b>Transactions with owners in their capacity as owners</b>					
Ordinary shares issued by private placement	3,000,000	-	-	-	3,000,000
Ordinary shares issued on conversion of convertible security	750,300	-	-	-	750,300
Bonus options issued on pro-rata offer	568,679	-	-	-	568,679
Ordinary shares issued during the year through exercise of listed options	100	-	-	-	100
Fair value of ordinary shares issued as subsequent consideration for JCT purchase	500,000	-	-	-	500,000
Fair value of options issued to Armada Capital	-	-	-	-	-
Fair value of ordinary shares issued for investment in Market Place Services Pty Ltd	250,000	-	-	-	250,000
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-
Cost of share issue	(249,673)	-	-	-	(249,674)
<b>Balance at 31 December 2017</b>	<b>26,891,349</b>	<b>663,000</b>	<b>(20,844,032)</b>	<b>23,309</b>	<b>6,733,625</b>
<b>2016</b>					
<b>Balance at 1 July 2016</b>	13,395,086	2,094,730	(5,329,478)	-	10,160,338
Loss for the year	-	-	(3,920,747)	-	(3,920,747)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	645,800	-	(3,920,747)	-	(3,920,747)
<b>Transactions with owners in their capacity as owners</b>					
Issue of shares	2,725,037	-	-	-	2,725,037
Fair value of ordinary shares issued as consideration	400,000	-	-	-	400,000
Fair value of options issued as consideration	-	273,000	-	-	273,000
Expiry of employee share based payments	-	(4,730)	4,370	-	-
Cost of share issue	(333,769)	-	-	-	(333,769)
<b>Balance at 31 December 2016</b>	<b>16,186,354</b>	<b>2,363,000</b>	<b>(9,245,495)</b>	<b>-</b>	<b>9,303,859</b>

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

## Consolidated Statement of Cash Flows

	Half-year 2017	2016
	\$	\$
<b>Cash flows from operating activities</b>		
Customer receipts	411,034	153,401
Interest received	23,458	45,038
Interest paid	(9,144)	(25,717)
R&D tax concession received	2,212,182	64,511
Payments to suppliers and employees	(5,566,858)	(3,881,947)
Income tax (paid) / refund	183,448	(401,729)
<b>Net cash outflows from operating activities</b>	<b>(2,745,880)</b>	<b>(4,406,443)</b>
<b>Cash flows from investing activities</b>		
Payments for development costs	-	(1,451,967)
Payments for plant and equipment	(31,897)	(60,005)
Proceeds from sale of plant and equipment	-	69,436
Payments for term deposits	-	510,000
Payment for acquisition of subsidiary net cash acquired	(500,000)	(616,800)
Loans to third parties	(175,000)	-
<b>Net cash outflows from investing activities</b>	<b>(706,897)</b>	<b>(1,549,336)</b>
<b>Cash flows from financing activities</b>		
Repayment of finance lease and loans	(146,342)	(337,648)
Repayment of borrowings – general	(39,998)	-
Repayment of convertible notes	(1,081,666)	-
Issue of shares	3,000,100	2,725,038
Issue of Bonus Options	568,677	-
Share issue costs	(249,673)	(116,004)
<b>Net cash inflows from financing activities</b>	<b>2,051,098</b>	<b>2,271,386</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,401,678)</b>	<b>(3,324,393)</b>
Cash and cash equivalents at the beginning of the half-year	7,124,199	8,846,362
<b>Cash and cash equivalents at the end of the half-year</b>	<b>5,722,521</b>	<b>5,521,969</b>

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*The Group classifies term deposits with maturity dates greater than three months and term deposits which are held as securities for bank guarantees as other financial assets. As at 31 December 2017 the Group held cash and cash equivalents above, \$900,668 (2016: \$890,000) in term deposits. These term deposits are included in cash and cash equivalents for cash flow reporting purposes. Refer to note 17.*

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

## Notes to the Financial Statements

### 1 Significant Accounting Policies

#### (a) Basis of preparation

These general purpose condensed financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard AASB134 *Interim Financial Reporting*. The Group is a for-profit entity for the purpose of preparing the financial statements. This interim financial report is intended to provide users with an update of the latest half-year financial statements of Xped Limited and its controlled entities (the Group). As such, it does not contain all notes of the type normally included in an annual financial report. The same accounting policies have been applied in the interim financial statements as compared to the most recent annual financial statements for the year ended 30 June 2017. It is therefore recommended that this financial report be read in conjunction with the annual financial report of the Group for the year ended 30 June 2017, together with any public announcements made during the half-year. The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. There was no material impact on the financial report as a result of the adoption of these standards.

#### (b) Ongoing operations

The financial statements have been prepared on a going concern basis, which contemplates that the Group will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the half-year ended 31 December 2017 the Group incurred a loss before tax of \$5,688,053 (2016: \$3,920,747 loss) and net cash outflows from operating activities (excluding refundable R&D tax offsets) of \$4,958,062 (2016: \$4,406,443 outflow). The continuing losses have impacted the Group's cash and net working capital position which may limit the ability to invest in further commercialisation of the Group's IoT platforms for the purpose of generating new revenue streams.

As a result, the Directors have concluded that these events and conditions are subject to material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The loss incurred during the half-year was principally a result of impairment of the capitalised IoT platform developments costs of \$2,741,984, impairment of a other receivables of \$400,000, limited revenues, increased employee and contracting expenses and increased finance costs over the previous corresponding period.

At the date of this report the Directors have implemented plans to address the Group's ongoing operations, which includes restructuring the company to reduce employee and contracting costs of up to \$1 million per annum and reducing other cash outflows where possible.

The company also expects to apply for the refundable R & D tax incentive for the 2017/18 year, which based on current expenditure may exceed \$1 million and if accepted, will likely be received in the first half of the 2019 financial year. In addition, the Board will continue to monitor the development of near term revenue opportunities generated through Xped's IoT platforms and assessing ongoing staffing and contractor requirements beyond the cost savings identified above.

The Directors believe the company will be successful in carrying out its plans described above, therefore, the interim financial statements have been prepared on a going concern basis.

#### (c) 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.

#### (d) Fair values

The fair values of all monetary financial assets and liabilities approximate their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form. The aggregate fair values and carrying amounts of financial assets and liabilities are disclosed in the consolidated statement of financial position and in the notes to and forming part of the condensed half-year financial report.

## 2 Operating Segments

### Identification of reportable segments

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

The Group is managed primarily on an activities basis, operating segments are therefore determined on the same basis. Technology development, geothermal projects and corporate were the only operating segments during the half year ending 31 December 2017.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and meet the other aggregation criteria of AASB 8 Operating Segments.

Operating segment are Australian based unless otherwise stated.

### Activity by segment

#### Technology Development

Technology focussed on the Internet of Things (IoT) and primarily developing Auto Discovery Remote Control (ADRC) technology.

#### Healthcare Technology

JCT Healthcare Pty Ltd and Jackson Care Technologies Pty Ltd, providing communication solutions to the Healthcare sector with products that are tailored for Hospitals, Aged Care, Independent Living and Disability Care.

#### Jemsoft and Media Intelligence

Jemsoft is a computer vision and machine learning company providing industry leading technology to global enterprise and developers. Media Intelligence builds and implements artificially intelligent technologies that supplement media research and analytics systems for customers operating in the marketing sector.

#### Geothermal Projects

Xped held interests in three geothermal projects in Indonesia:

- Sokoria Geothermal Project, under a Joint Venture with PT Bakrie Power, for a 30 MW geothermal development on Flores Island, Indonesia, with Xped holding a 45% interest in the project. On 16th January 2017 KS Orka completed acquisition of Sokoria Geothermal Project. Under the terms of the SPA Xped will receive the nominal amount of \$1 USD. An additional payment of up to \$947,368 USD will become payable within 30 days of KS Orka issuing notification of intent to develop project.
- Ngebel Geothermal Project, under a Joint Venture with PT Bakrie Power, for a 165 MW geothermal development on East Java, Indonesia, with Xped holding a 35% interest in the project. The Group will not seek to further invest in the Ngebel project and an impairment charge was recorded against the full carrying value of the asset at 30 June 2016, and has no further commitment to development of the project.
- Dairi Prima Geothermal Project, under a Joint Venture with PT Bakrie Power, for a 25 MW geothermal development in Northern Sumatra, Indonesia, with Xped holding a 51% interest in the project. The Group will not seek to further invest in the Ngebel project and an impairment charge was recorded against the full carrying value of the asset at 30 June 2016, and has no further commitment to development of the project.

Xped held an interests in a geothermal project in India:

- Puga Geothermal Project in the Himalayan Geothermal Province of Northern India, in a joint venture between Xped and Geosyndicate Power Private, under which Xped is earning in to a 49% interest. Xped is the Operator of this Project. An impairment charge has been recorded against the full carrying value of the asset as at 30 June 2016 and the Group is looking to divest its interest in the project.

#### Corporate

Comprising overhead costs such as director's fees, listing and share registry fees, acquisitions and associated costs.

## 2 Operating Segments (continued)

### Basis of accounting for purposes of reporting by operating segments

#### Accounting policies adopted

Unless stated otherwise, all amounts reported to the board of directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

#### (i) Segment performance

	Technology Development	Healthcare Technology	Jemsoft & Media Intelligence	Geothermal Projects	Corporate	Total
<b>Half-year ended 31 December 2017:</b>						
Interest revenue	1	981	60	-	22,416	23,458
Revenue	8,017	547,309	27,000	-	-	582,326
R and D tax concession	2,151,812	-	60,370	-	-	2,212,182
Gain on disposal of assets	727	-	-	-	-	727
Total segment revenue	2,160,557	548,290	87,430	-	22,416	2,818,693
Total segment expenses	(6,483,784)	(1,088,965)	(70,825)	(400,000)	(463,174)	(8,506,745)
<b>Profit/(loss) before income tax for the half-year</b>	<b>(4,323,226)</b>	<b>(540,673)</b>	<b>16,605</b>	<b>(400,000)</b>	<b>(440,758)</b>	<b>(5,688,052)</b>

#### Half-year ended 31 December 2016

Interest revenue	-	-	-	-	37,600	37,600
Revenue	85	488,821	-	-	-	488,906
R and D tax concession	-	-	-	-	64,511	64,511
Gain on disposal of assets	-	-	-	-	-	-
Total segment revenue	85	488,821	-	-	102,111	591,017
Total segment expenses	(2,650,993)	(520,308)	-	(342,508)	(997,955)	(4,511,764)
<b>Profit/(loss) before income tax for the half-year</b>	<b>(2,650,908)</b>	<b>(31,487)</b>	<b>-</b>	<b>(342,508)</b>	<b>(895,844)</b>	<b>(3,920,747)</b>

#### (ii) Segment assets and liabilities

	Technology Development	Healthcare Technology	Jemsoft & Media Intelligence	Geothermal Projects	Corporate	Eliminations	Total
<b>As at 31 December 2017:</b>							
Total assets	1,448,928	1,576,897	172,419	900,240	21,620,443	(17,211,954)	8,506,973
Total liabilities	(12,743,905)	(4,149,822)	(46,128)	(1,975,000)	(70,446)	17,211,954	(1,773,348)
<b>As at 30 June 2017:</b>							
Total assets	4,571,242	3,479,178	356,625	1,300,000	17,577,254	(14,652,067)	12,632,232
Total liabilities	(10,908,868)	(5,511,431)	(204,379)	(675,000)	(2,359,201)	14,652,067	(5,006,812)

	Half-year	
	2017	2016
	\$	\$
<b>3 Revenue and Other Income from continuing operations</b>		
Interest	23,458	37,600
Sales	582,326	488,906
R&D tax concession	2,212,182	64,511
Gain on disposal of assets	727	-
	<u>2,818,693</u>	<u>591,017</u>

	31 December 2017	30 June 2017
	\$	\$
<b>4 Other Financial Assets</b>		
<b>Current</b>		
Term deposits	<u>900,668</u>	<u>890,000</u>
<b>Non-current</b>		
Available for sale financial assets (at cost)	<u>250,000</u>	<u>-</u>

## 5 Trade and Other Receivables

### Current

Trade debtors	402,591	95,240
Accrued income	11,104	150,000
Other receivables *	960,070	1,332,284
Notes receivable	175,000	-
	<u>1,548,765</u>	<u>1,577,524</u>

\* Other receivables includes a receivable from K.S.Orka of \$1.3 million net of a provision for impairment of \$400,000. The carrying amount of the receivable from K.S.Orka is \$900,000 (30 June 2017: \$1,300,000). The receivable is expected to be collected within 12 months. The \$400,000 impairment charge was recognised in profit or loss as 'impairment of other receivables'.

## 6 Inventory

Inventory - at cost	1,346,024	1,006,034
Inventory - accumulated impairment	<u>(779,000)</u>	<u>(634,000)</u>
	<u>567,024</u>	<u>372,034</u>

## 7 Intangible Assets

### At written down value

Development costs - at cost *	2,741,984	2,741,984
Provision for impairment	<u>(2,741,984)</u>	<u>-</u>
Trademarks - at cost	57,826	57,826
Customer contracts	-	42,510
Other - at cost	700	1,746
	<u>58,526</u>	<u>2,844,066</u>

\* During the half year ended 31 December 2017, development costs were impaired in full \$2,741,984, recognised in profit or loss as 'Impairment of development costs'.



## 8 Investment in Equity Accounted Investment

Investment in associate - Vital Xense

31 December 2017	30 June 2017
-	-
-	-

## 9 Trade and Other Payables

### Current

Trade creditors	274,732	1,023,024
Accruals	84,370	118,590
Other payables	207,773	74,866
JCT acquisition consideration payable	-	492,000
	<u>566,875</u>	<u>1,708,480</u>

### Non-current

JCT acquisition consideration payable	-	478,000
Total trade and other payables	<u>-</u>	<u>478,000</u>

Trade payables and accruals are generally unsecured, non-interest bearing and are generally due 30 to 60 days from the date of recognition.

## 10 Borrowings

### Current

Credit card	-	8,392
Insurance premium funding	32,226	63,832
Finance lease	125,129	271,471
Convertible note	-	1,155,000
	<u>157,355</u>	<u>1,498,695</u>

### Non-current

Loan	<u>228,030</u>	<u>228,030</u>
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## 11 Provisions

### Current

Rehabilitation	393,887	675,000
Employee benefits - current	137,470	119,807
Provision for onerous contract	<u>230,000</u>	<u>230,000</u>
	<u>761,357</u>	<u>1,024,807</u>

### Non-current

Employee benefits - non-current	<u>34,780</u>	<u>56,032</u>
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## 12 Contributed Equity

### (a) Issued Capital

	31 December 2017	31 December 2016
	\$	\$
Ordinary shares – fully paid	26,891,348	16,186,354

	Half-year 2017		Half-year 2016	
	Number of Shares	\$	Number of Shares	\$
Balance at the start of the half-year	1,158,556,729	22,071,943	1,885,488,158	13,395,086
Issue of shares on exercise of options (i)	-	-	189,228,510	2,725,037
Issue of shares (ii)	-	-	10,000,000	400,000
Issue of shares on exercise of options (iii)	2,500	100	-	-
Issue of shares (iv)	348,256,545	4,500,300	-	-
Issue of options (ASX: XPEOD) (v)	-	568,678	-	-
Issue costs	-	(249,673)	-	(333,769)
Balance at the end of the half-year	1,506,815,774	26,891,348	2,084,716,668	16,186,354

- (i) Shares issued on the exercise of listed options (ASX: XPEOB) at an exercise price of \$0.15.
- (ii) Fair value of 10,000,000 shares issued to KTM Capital for termination of mandate on 7 September 2016.
- (iii) Shares issued on the exercise of listed options (ASX: XPEOD) at an exercise price of \$0.04.
- (iv) 348,256,545 shares issued as follows:
- 47,483,351 shares issued on conversion of Convertible Notes with a fair value of \$750,300.
  - 25,773,196 shares issued as subsequent consideration for JCT purchase with a fair value of \$500,000.
  - 25,000,000 shares issued in consideration for 5.5% shareholdings of Marketplace Services Pty Ltd.
  - 249,999,998 shares issued by private placement, raising \$3,000,000.
- (v) Bonus Options Offer at an issue price of \$0.001, exercise price of \$0.04 and expiring 18 January 2018.

### (b) Share options

	31 December 2017 Number	30 June 2017 Number
Listed options (XPEOC) (i)	127,254,564	102,254,564
Listed options (XPEOD) (ii)	593,674,408	-
Unlisted Options (iii)	15,000,000	30,000,000
	<u>735,928,972</u>	<u>132,254,564</u>

- (i) Listed options with an exercise price of \$0.10 and expiring 31 December 2018:
- 102,254,564 Options issued on 27 January 2017.
  - 25,000,000 Options issued to Armada Capital on 30 August 2017 in consideration for services with a nil fair value
- (ii) Listed options (ASX: XPEOD) with an exercise price of \$0.04 and expiring 18 January 2018.
- 568,679,000 Options issued under a Bonus Options Offer and Bonus Options Offer Shortfall at an issue price of \$0.001, exercise price of \$0.04 and expiring 18 January 2018.
  - (2,500) options were exercised during the period.
  - 25,000,000 Options issued to Armada Capital on 20 October 2017 in consideration for services with a nil fair value.
- (iii) 15,000,000 Options issued to Seneca Financial Services Pty Ltd on 7 September 2016 with an exercise price of \$0.10 expired 7 September 2017.

### 13 Contingent Liabilities

Xped did not have any contingent liabilities as at 31 December 2017.

### 14 Commitments

#### Provision for restoration, rehabilitation and environmental expenditure

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

Commitments in relation to minimum statutory expenditures with respect to tenements:

	31 December 2017	30 June 2017
Within one year	393,887	675,000
Later than one year but not later than five years	-	-
Later than five years	-	-
	<u>393,887</u>	<u>675,000</u>

### 15 Related Party Transactions

During the period, Electro Cad Australia Pty Ltd, an entity controlled by John Schultz, provided supplies and services to Xped Limited of \$61,443 (December 2016: \$117,787) has been incurred during the period in relation to these services.

There were no other transactions with key management personnel other than reimbursement of expenses incurred by them in performing their respective duties.

### 16 Events Occurring After Balance Sheet Date

On 18 January 2018, 568,679,000 Listed Options with an exercise price \$0.04 expired unexercised.

There have been no other events, in the interval between the end of the financial year and the date of this report, any matter or circumstance that has significantly affected, or may significantly affect the Consolidated Group's operations, results or the state of affairs in future financial years.

### 17 Reconciliation of Cash and Cash Equivalents at the End of the Period

	31 December 2017	30 June 2017
Cash at bank	4,821,853	5,521,969
Term Deposits	900,668	-
	<u>5,722,521</u>	<u>5,521,969</u>

## Directors' Declaration

In the directors' opinion:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Mr Peter Hunt  
Director

28 February 2018



**PITCHER PARTNERS**

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WARWICK FACE  
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COLE WILKINSON  
SIMON CHUN  
JEREMY JONES

## Independent Auditor's Review Report

### To the Members of Xped Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Xped Limited (the Company) and the entities it controlled at the period end or from time to time during the half-year (collectively the Group) which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, other explanatory information and the directors' declaration.

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

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 Xped Limited, 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*.

### 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 the Group is not in accordance with the *Corporations Act 2001* including:

1. 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
2. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(b) in the financial report which states that the Group's ability to continue as a going concern is dependent upon its planned restructure to reduce operating costs, applying for the refundable R&D incentive for the 2017/18 year and developing near term revenue opportunities generated through Xped's IoT platforms. The matters set forth in Note 1(b) indicate the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

*Pitcher Partners*

PITCHER PARTNERS

*J. Evans*

JASON EVANS  
Partner

Brisbane  
28 February 2018