ANNUAL FINANCIAL REPORT

XPED LIMITED

FINANCIAL YEAR ENDED JUNE 2016

ABN 89 122 203 196
FORMERLY RAYA GROUP LIMITED

Xped Limited

ABN 89 122 203 196

Annual Financial Report – 30 June 2016

Contents

Corporate Directory

Directors	Mr Athan Lekkas, Chairman Mr John Schultz, Executive Director Mr Christopher Wood, Executive Director Mr Martin Despain, Executive Director Dr Wenjun Sheng, Non-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 XPEOB - Listed Options Over Ordinary Shares
Website Address	www.xped.com

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the "Group" or "Xped") consisting of Xped Limited and its controlled entities for the financial year ended 30 June 2016.

Directors
The following persons were directors of Xped Limited during the financial year and up to the date of this report unless otherwise stated:

Mr Athan Lekkas	Chairman (CEO from 29 June 2016)
Mr John Schultz	Executive Director (appointed 23 March 2016)
Mr Christopher Wood	Executive Director (appointed 23 March 2016, CEO from 23 March 2016 until 29 June 2016)
Mr Martin Despain	Managing Director (appointed 19 September 2016)
Dr Wenjun Sheng	Non-executive Director (appointed 21 April 2016)
Ms Lisa Zhang	Executive Director (appointed 29 June 2016, resigned 16 August 2016)
Mr Daniel Lanskey	Managing Director (resigned 22 October 2015)
Mr Michael Clarke	Executive Director (resigned 31 August 2016)
Mr Brendan de Kauwe	Non-Executive Director (resigned 23 March 2016)

Company Secretary
Ms Julie Edwards
Mr Luke Auther (appointed 18 February 2016, resigned 5 July 2016)

Principal Activities
The principal activity of the group from the date of the reverse acquisition on 23 March 2016 is a technology company focussed on the Internet of Things (IoT) and primarily developing Auto Discovery Remote Control (ADRC) technology.

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 year.

Review of Operations
The consolidated entity realised a loss after tax for the full-year of $3,086,822 (30 June 2015: loss of $505,088).

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

HIGHLIGHTS OF THE YEAR

Acquisition of Xped

- A binding Heads of Agreement (HOA) was entered into with the key shareholders of Xped Holdings Ltd to acquire all of the issued capital in Xped Holdings Ltd on 26th October 2015.
- On the 4th November, the Xped Limited received the right to acquire 100% of Xped Holdings from all shareholders under the HOA.
- On the 1st December, Xped Limited and Xped Holdings vendors had completed due diligence and Xped Limited would proceed forward in acquiring 100% of the shares in Xped Holdings. Acquisition date was 23 March 2016.
- On the 23rd December, Flocom Consulting released their Independent Technical Expert Review on Xped.
- On the 8th of February, Xped signed a Memorandum of Understanding (MOU) with a US listed chipset manufacturer along with a second MOU with another US listed technology company to identify and develop potential opportunities utilizing Auto Discovery Remote Control (ADRC).
- On the 3rd March, Xped exhibited at the IoT Asia 2016 event to demonstrate its ADRC technology to industry attendees.
- On the 4th of March, Xped was suspended from official quotation pending the company re-complying with ASX.
- On the 5th of April, Xped Limited was reinstated to official quotation following the successful re-compliance with ASX.
- The Group advised on 5 April, that it had executed a Sale and Purchase Agreement (SPA) with Vital Xense Pte Ltd where it would receive 35% equity interest in exchange for collaboration between the parties to incorporate Xped's technologies into a range of sensor based solutions.

- The Group announced on 11 April it had successfully ported its ADRC gateway services running on Advantech IoT gateway running Linux and utilizing Intel D2000 processor. On the 9th June the Group advised it had now completed its porting on Intel Moon Island Gateway.

Acquisition of JCT

- On 19th April, a binding Heads of Agreement (HOA) was entered into with the shareholder of JCT Healthcare Pty Ltd and Jackson Care Technologies Pty Ltd (JCT) to acquire all of the issued capital in JCT. The acquisition would provide for immediate revenue in the healthcare industry.

- On the 4th July, Xped completed the acquisition of JCT and the parties would work together to finalise post completion terms.

Telink collaboration

- On 5th May, Xped and Telink Semiconductor (Shanghai) Co Ltd (Telink), entered a Joint Collaboration and Marketing Agreement ("JCMA") to see both parties work together and market their respective products and technologies

- On the 17th May, Xped advised it would commence development on porting its ADRC IoT stack to Telink's TLSR8269F512 chip.

Board / Funding / Corporate

- Xped completed its public share offer on 31 March after raising $8.0m and shares were issued.

- Dr Wenjun Sheng was appointed to the board as Non-Executive Director on 21st April.

- On 29th June, Ms Lisa Zhang was appointed to the board and subsequently resigned on 16th August and Michael Clarke resigned on 31 August 2016.

- Mr Martin Despain was appointed as Managing Director, effective 19th September 2016.

Intellectual Property

- Xped received notification that its ADRC patent had been granted in China.

- Multi Controller patent was granted in Singapore and Australia.

- PING patent was granted in Australia.

- Xerts patent was granted in China, Singapore and Korea.

Sokoria Geothermal Project

- On the 29th April,the Group advised it has entered into a Term Sheet with PT Dalle Geotermal Energy for the sale of its Sokoria Geothermal project. The company advised on 22nd June that the time to enter into a conditional Sale and Purchase Agreement (CSPA) had lapsed and the parties had ended discussions. Xped also advised it was beginning discussions with a separate geothermal developer who can develop and fund the project.

- On the 2nd August, Xped advised it had entered into a binding Conditional Sale and Purchase Agreement (CSPA) with KS Orka Renewables Pte Ltd to acquire Xped's 45% holding in the project. Following the initial USD$1 consideration payment the parties entered into separate payment commitment agreement whereby Xped is entitled up to maximum USD$947,368 should a Notice of Intent to Develop the project be approved by PT PLN(Persero) and determined by the final tariff and committed capacity.

Health, Safety, Environment and Community

- During the 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
Xped Limited acquired Xped Holdings Limited and its subsidiaries via reverse acquisition on 23 March 2016.

Matters Subsequent to the End of the Financial Year
The following events have occurred subsequent to the end of the financial year but prior to the date of this report, the financial effects of which have not been reflected in this financial report for the year ended 30th June 2016:

- On 4th July 2016, Xped advised it had entered a licensing agreement with Telink Semiconductor
- On 4th July 2016, Xped advised it had completed the acquisition of JCT Healthcare Pty Ltd and Jackson Care Technologies, (JCT Group)
- On 8th July 2016, Xped advised JCT was beginning an IoT project for Disability SA.
- On 22nd July 2016, Xped advised it was attending a Microsoft Partner Conference to showcase its product registration system
- On 2nd August 2016, Xped announced it had entered into a binding conditional Sales and Purchase Agreement with KS Orka Renewables Pte Ltd to acquire Xped's stake in the Sokoria Geothermal Project.
- On 4th August 2016 Xped announced it expects to launch the Xped Device Browser App in Apple and Google Play stores in September. Xped also advised joint marketing efforts with Telink to look at opportunities in automotive accessories and smart home lighting markets.
- On 16th August Xped advised that KS Orka Renewables Pte Ltd had provided first tranche of funding to assist in advancing and fast tracking the Sokoria Geothermal project.
- On 7th September Xped announced the appointment of Mr Martin Despain as Managing Director, effective 19th September 2016.
- On 7th September 2016 advised the appointment of Seneca Financial Services Pty Ltd as corporate advisors.
- Patent granted for PING in Australian and ADRC in Korea on 8th September 2016
- On 20th September 2016 Xped signed a JV Agreement for China Expansion
- On 23th September 2016 Xped Released a Native Device Browser App

Likely Developments and Expected Results of Operations
Further information in relation to likely developments and the impact on the operations of the Group has not been included in this report, as the directors believe it would result in unreasonable prejudice to the Group.

Information on Directors

Athan Lekkas
Chairman / CEO

Qualifications
AICD
Diploma Business Management

Age
40

Experience and expertise
Mr Lekkas has participated in a broad range of business and corporate advisory transactions, and has more recently focused and specialised on the restructure and recapitalisation of a wide range of ASX Listed companies with a specific interest in the resources sector.

Most recently he was a Director of Energio Limited, and was instrumental and successful with identifying and ensuring the acquisition of a major West African Iron Ore project.

Other current directorships
First Growth Funds Limited

Former directorships in last 3 years
Nil

Special responsibilities
Chairman of the Board
Chairman of the Remuneration Committee
Member of the Audit Committee

Interests in shares and options
57,700,000 listed ordinary shares (XPE)

Martin Despain
Managing Director

Qualifications
BA from University of Nevada and a MBA from the Georgia Institute of Technology.

Age
47

Experience and expertise
Martin was recently General Manager, Smart Homes Division, Internet of Things Group at Intel Corporation head office developing and implementing Intel's IoT strategy and product offering for the home. Intel's charter was to transition the industry from the connected home, into the smart home era, by delivering a foundation infrastructure focused on Security, Compute, Connectivity, and Contextual awareness. Based in Santa Clara, Martin oversaw the Smart Home business with responsibility for Engineering, Product Marketing, Operations, Business Development, and Go-to-Market.

Martin's area of expertise includes product management, semiconductors and SoC's, embedded systems, start-ups, international sales and marketing, strategic partnerships and planning and visionary for the organisation. Prior to his most recent position with Intel, Marty has held various Director Roles within Intel Corporation over the last 11 years, including establishing the product management team and leading the Content and Strategy organization within Intel Media; Martin has also lead several different teams within Intel's Digital Home Group that developed product offerings for telco/cable and consumer electronics companies such as Sony, Visio and Samsung as well as partnerships with Yahoo, Google, and Microsoft.

Other current directorships
Nil

Former directorships in last 3 years
Nil

Special responsibilities
Nil

Interests in shares and options
Nil

Information on Directors (continued)

<u>John Shultz</u>
Director –Executive

Qualifications
Bachelor of Engineering in Electronics Engineering

Age
51

Experience and expertise
John Schultz is a serial entrepreneur founding and successfully growing several companies over the last two decades specialising in the design, manufacture and business development of electronics systems. John has a wealth of experience running design and manufacturing businesses, managing staff and subcontractors and secured significant international business exporting vehicle immobilisers to Malaysia for aftermarket distribution and direct fit to Honda. This contract saw a peak of 30 employees locally employed and managed at Technology Park. John's involvement in the group will encompass system specification, design, product design and manufacture, resource management and developing initial commercialisation opportunities.

Other current directorships
Nil

Former directorships in last 3 years
Nil

Special responsibilities
Nil

Interests in shares and options
86,206,269 listed ordinary shares (XPE)
194,370,371 Ordinary Shares held in escrow
25,000,000 Class A Shares
25,000,000 Class B Shares
25,000,000 Class C Shares

<u>Christopher Wood</u>
Director –Executive / Chief Technical Officer

Qualifications
Bachelor of Electrical and Computer Systems Engineering Hons

Age
54

Experience and expertise
Christopher Wood has extensive experience in large telecommunications companies developing mission critical software applications. Chris has architected projects worth up to $200M and been supported by a pool of 200 IT staff. Chris is a domain expert in the areas of GPS, inertial sensors and communications. Chris also possesses substantial technology development commercialisation experience. In 2003 Chris founded Neve Technologies Pty Ltd, a company which developed and commercialised an augmented GPS system for positioning vehicles in areas where GPS signals are severely degraded. In the commercialisation process Chris established a joint venture with the University of South Australia. Neve secured COMET funding, raised capital and successfully commercialised its technology internationally.

Other current directorships
Nil

Former directorships in last 3 years
Nil

Special responsibilities
Nil

Interests in shares and options
225,465,400 Ordinary Shares held in escrow
25,000,000 Class A Shares
25,000,000 Class B Shares
25,000,000 Class C Shares

Information on Directors (continued)

Wenjun Sheng
Director – Non-Executive

Qualifications
BS Electronics Engineering, ME and PhD Electrical Engineering

Age
41

Experience and expertise
Dr. Wenjun Sheng has significant experience in RF SOC semiconductor design, marketing, distribution, management and knowledge of the global semi-conductor and device markets. Dr Sheng currently serves as the Chairman and Chief Executive Officer of Telink Semiconductor, a leading provider of low power wireless connectivity chips and solutions for Internet of Things (IoT).

Dr. Sheng has over 15 years of semiconductor industry experience, he has shown an ability to grow businesses from inception, to first revenue and profitability in an effective and accelerated manner. Prior to co-founding Telink Semiconductor in 2010, he was VP of RFIC design at Wiscomm Microsystem Inc., a startup company focusing on CMOS satellite TV tuner chip product.

Dr Sheng has held key technical positions with industry leaders like Qualcomm and Silicon Labs etc., and was one of the pioneers in CMOS RFIC design. Dr. Sheng holds 30 patents in RF and mixed-signal IC design, and is a member of China's top recruitment program of global experts "Thousand Talents Program".

Other current directorships
Telink Semiconductor Co Ltd

Former directorships in last 3 years
Nil

Special responsibilities
Nil

Interests in shares and options
Nil

Company Secretary

Julie Edwards
During her extensive career, Julie has had significant experience and involvement in management of the accounting and finance functions.

She holds a Bachelor Degree in Commerce, is a member of CPA Australia, holds a CPA Public Practice Certificate and is a registered Tax Agent.

Meetings of Directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2016, and the numbers of meetings attended by each director are as follows:

	Full meetings of directors		Meetings of Committees Audit		Remuneration	
	A	**B**	**A**	**B**	**A**	**B**
Michael Clarke	10	10	2	2	0	0
Athan Lekkas	10	10	2	2	0	0
John Schultz	5	5	0	0	0	0
Wenjun Sheng	3	0	0	0	0	0
Christopher Wood	5	5	0	0	0	0
Lisa Zhang	0	0	0	0	0	0
Daniel Lanskey	3	3	1	0	0	0
Brendan De Kauwe	5	4	2	1	0	0

A = Number of meetings held during the time the director held office or was a member of the committee during the year
B = Number of meetings attended.

Shares under Option

Unissued ordinary shares of Xped Limited under option at the date of this report are as follows:

Grant Date	Vest Date	Expiry Date	Exercise Price	Number of Options	
15/12/2011	Fully Vested	15/12/2016	$0.75	475,000	Unlisted
15/12/2011	Fully Vested	15/12/2016	$1.25	100,000	Unlisted
15/12/2011	Fully Vested	15/12/2016	$1.50	100,000	Unlisted
15/12/2011	Fully Vested	15/12/2016	$1.00	425,000	Unlisted
07/09/2016	Fully Vested	07/09/2017	$0.05	30,000,000	Unlisted
30/03/2016	Fully Vested	30/03/2018	$0.07*	7,500,000	Unlisted
30/03/2016	Fully Vested	30/03/2018	$0.09*	7,500,000	Unlisted
30/03/2016	Fully Vested	30/03/2018	$0.11*	7,500,000	Unlisted
30/03/2016	Fully Vested	30/03/2018	$0.13*	7,500,000	Unlisted
				61,100,000	

*Exercise price subject to the 10 day volume weighted average price of Shares on ASX being not less that the exercise price at the time of exercise.

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

Shares Issued on the Exercise of Options

During the year 190,523,946 options were exercised. Since the end of the financial year and up to the date of this report, 189,228,510 options have been exercised.

Remuneration Report

(a) Policy for determining the nature and amount of key management personnel remuneration

The remuneration committee of Xped Limited is responsible for determining and reviewing compensation arrangements for the Directors and the Executive Team. The Board's remuneration policy is to ensure that the remuneration package properly reflects the person's duties and responsibilities, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost to the Group.

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

(i) Non-Executive Director Remuneration

Objective
The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure
Remuneration of non-executive directors is determined by the Board, within the maximum amount approved by the shareholders from time to time (currently set at an aggregate of $300,000 per annum). The Board intends to undertake an annual review of its performance and the performance of the Board committees against goals set at the start of the year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from time to time from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the company. Directors who are called upon to perform extra services beyond the director's ordinary duties may be paid additional fees for those services.

The remuneration of non-executive directors for the year ended to 30 June 2016 is detailed in this Remuneration Report.

(ii) Senior Executive Remuneration

Objective
The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- Reward executives for Group and individual performance against targets set by reference to appropriate benchmarks;
- Align the interest of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

Structure
In determining the level and make-up of executive remuneration, the Board has had regard to market levels of remuneration for comparable executive roles. It is the Board's policy that employment contracts are entered into with all senior executives.

(iii) Variable Remuneration – Short and Long Term Incentives

Objective
The objectives of the incentive arrangements are to:

- Recognise the ability and efforts of the employees of the Group who have contributed to the success of the Group and to provide them with rewards where deemed appropriate;
- Provide an incentive to the employees to achieve the long term objectives of the Group and improve the performance of the Group; and
- Attract persons of experience and ability to employment with the Group and foster and promote loyalty between the Group and its employees.

Remuneration Report (continued)

Structure
No formal plan has been implemented at this time. It is proposed that long term incentives granted to senior executives will be delivered in the form of options. At the commencement of each financial year, the Group and each senior executive will agree upon a set of financial and non-financial objectives related to the senior executive's job responsibilities. The objectives will vary but all will be targeted directly to the Group's business and financial performance and thus to shareholder value. It is proposed that short term incentives will be in the form of bonuses paid on the achievement of key performance indicators as the Group and the executives may agree from time to time.

(b) Remuneration, Group performance and shareholder wealth

The development of remuneration policies and structure are considered in relation to the effect on Group performance and shareholder wealth. They are designed by the Board to align Director and Executive behaviour with improving Group performance and ultimately shareholder wealth.

The Board considers at this stage in the Group's development, that share price growth itself is an adequate measure of total shareholder return.

Executives are currently remunerated by basis of remuneration and options. The options granted are considered by the Board to provide an alignment between employees and shareholders interests.

(c) Key management personnel

Unless otherwise stated, the following persons were key management personnel of Xped Limited during the financial year:

Name	***Date Appointed***	***Date Resigned***	***Position Held***
Athan Lekkas	19/02/2013		Chairman / Chief Executive Officer from 29 June 2016
John Schultz	23/03/2016		Executive Director
Christopher Wood	23/03/2016		Executive Director / Chief Technical Officer from 29 June 2016
Wenjun Sheng	21/04/2016		Non-Executive Director
Michael Clarke	19/02/2013	31/08/2016	Executive Director
Lisa Zhang	29/06/2016	16/08/2016	Executive Director
Mr Daniel Lanskey	22/07/2016	22/10/2015	Managing Director
Mr Brendan de Kauwe	22/05/2015	23/03/2016	Non-Executive Director

(d) Details of remuneration

Compensation paid, payable or provided by the Group or on behalf of the Group, to key management personnel is set out below. Key management personnel include all directors of the Group and certain executives who, in the opinion of the Board and Managing Director, have authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

Remuneration Report (continued)

2016	Short-term employee benefits	Post-employment benefits	Termination benefits	Share-based payments		Total	Proportion of remuneration that is performance based %
Name	Cash salary and fees $	Super-annuation $	Cash $	Shares $	Options $	Total $	
Non-Executive Directors							
Wenjun Sheng	30,000	-	-	-	-	30,000	-
Total Non-Executive Directors	**30,000**	**-**	-	**-**	**-**	**30,000**	-
Executive Directors							
Athan Lekkas	76,833	2,138	-	-	-	78,971	-
John Schultz	76,833	-	-	-	-	76,833	-
Christopher Wood	125,133	-	-	-	-	125,133	-
Michael Clarke	55,250	1,425	-	-	-	56,675	-
Lisa Zhang	-	-	-	-	-	-	-
Total Executive Directors	**334,049**	**3,563**	**-**	**-**	**-**	**337,612**	**-**
Total Key Management Personnel Compensation	**364,049**	**3,563**	**-**	**-**	**-**	**367,612**	**-**

Xped Limited is the legal owner of the Group. However, under Australian Accounting Standards, a reverse acquisition by Xped Holdings Limited of Xped Limited has been deemed to have occurred. For accounting purposes, Xped Holdings Limited is the deemed parent of the Group from the date of the reverse acquisition (23 March 2016). As the Xped Holdings Limited Group was not a listed entity prior to 23 March 2016:

- 2015 comparative remuneration information is not included in this remuneration report; and
- the remuneration details of John Schultz and Christopher Wood, who were directors of Xped Holdings Limited for the entire 2016 financial year, have been disclosed above for the period 1 July 2015 to 30 June 2016. Remuneration details of all other directors are provided from 23 March 2016 to 30 June 2016.

(e) Service agreements

On appointment to the Board, all non-executive directors may enter into a service agreement with Xped Limited in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.
Remuneration and other terms of employment for the Managing Director and the other key management personnel are also formalised in service agreements.

Michael Clarke
The Group entered into a consultancy agreement with Malvern Corporation Pty Ltd and Michael Clarke which commenced on 23 March 2016, for $150,000 per annum plus board fees of $36,000 per annum. The agreement was for an initial term of 2 years and could have been terminated by the Group with 6 months' notice or by the consultant with 3 months' notice.
Michael Clarke resigned effective 31 August 2016, thereby terminating the agreement.

Athan Lekkas
The Group entered into a consultancy agreement with Dalext Pty Ltd and Mr Lekkas which commenced on 23 March 2016, for $200,000 per annum plus board fees of $36,000 per annum. The agreement was for an initial term of 2 years. On 29 June 2016 Mr Lekkas consultancy agreement was varied, appointing him Chairman and Chief Executive Officer with a remuneration package of US$362,000 including board fees. In addition to this Mr Lekkas is entitled to up to US$12,000 per month for expenses that include rent, motor vehicle and health insurance. The agreement may be terminated by the Group with 12 months' notice or by the consultant with 3 months' notice.

John Schultz
The Group entered into a consultancy agreement with JK Group and Mr Schultz which commenced on 23 March 2016, for $220,000 per annum plus board fees of $36,000 per annum. The agreement is for an initial term of 2 years and may be terminated by the Group with 6 months' notice or by the consultant with 3 months' notice.

The Group issued 75,000,000 management performance shares to Mr Schultz as part of the business acquisition, which are convertible to ordinary shares on satisfaction of various milestones.

Wenjun Sheng
The Group entered into a consultancy agreement with Dr Sheng for a period of two years for a remuneration package of US$180,000 per annum for services and board fees. The agreement may be terminated by the Group with 6 months' notice or by the consultant with 3 months' notice.

Remuneration Report (continued)

Christopher Wood
The Group entered into a consultancy agreement with Alanticx Pty Ltd and Mr Wood which commenced on 23 March 2016, for $220,000 per annum plus board fees of $36,000 per annum. The agreement is for an initial term of 2 years and may be terminated by the Group with 6 months' notice or by the consultant with 3 months' notice. On 29 June 2016 Mr Wood's consultancy agreement was varied, appointing him as Chief Technical Officer with a renumeration package of US$272,000 including board fees. In addition to this Mr Wood is entitled up to US$6,000 per month for expenses that include rent and health insurance.

The Group issued 75,000,000 management performance shares to Mr Schultz as part of the business acquisition, which are convertible to ordinary shares on satisfaction of various milestones.

Lisa Zhang
The Group entered into a consultancy agreement with Ms Zhang for a period of two years for a remuneration package of US$180,000 per annum for services and board fees. The agreement was terminated on 16 August 2016.

(f) Share-based compensation

Options are granted to attract and retain key management personnel.

The board has rules that contain restrictions on removing the 'at risk' aspect of the options granted to executives. Executives may not enter into any transactions designed to remove the 'at risk' aspect of an instrument before it vests.

There are no performance hurdles attaching to the options granted other than service vesting conditions. In the event of termination (specified circumstances) only vested options are entitled to be exercised. Unvested options are forfeited.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

For each grant of options, the percentage of the grant that vested in the financial year, and the percentage that was forfeited because the person did not meet the service performance criteria is set out below. The options usually vest after 2 years. No options will vest if the service conditions are not satisfied, hence the minimum value of the options yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

There are currently no options affecting remuneration in the current or a future reporting period.

During the year there were no alterations to the terms and conditions of options granted since their grant date.

No additional options were granted during the financial year, and all options that had vested were not forfeited at the date of resignation.

(g) Equity instruments disclosures relating to key management personnel

(i) Unlisted option holdings

There were no unlisted options over ordinary shares in the company held during the financial year by directors of Xped Limited and other key management personnel of the Group, including their personally related parties.

(ii) Share holdings
The number of shares in the company held during the financial year by each director of Xped Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2016 **Name**	**Balance at 23 March 2016**	**Acquired during the year on exercise of options**	**Appointed/ (Resigned)**	**Balance at the end of the year**
Directors of Xped Limited **Ordinary shares**				
M Clarke	25,321,703	12,500,000	-	37,821,703
A Lekkas	38,700,000	19,000,000	-	57,700,000
J Schultz	280,576,640	-	-	280,575,640
W Sheng	-	-	-	-
C Wood	225,465,400	-	-	225,465,400
L Zhang	-	-	-	-

Remuneration Report (continued)

(iii) Listed option holdings (ASX: XPEOB)

2016 Name	Balance at 23 March 2016	Acquired during the year	Exercised during The year	Appointed/ (Resigned)	Balance at the end of the year
Directors of Xped Limited					
A Lekkas	19,000,000	-	19,000,000	-	-
M Clarke	12,500,000	-	12,500,000	-	-
J Schultz	-	-	-	-	-
W Sheng	-	-	-	-	-
C Wood	-	-	-	-	-
L Zhang	-	-	-	-	-

(h) Loans to key management personnel

There were no loans to key management personnel at any time during the financial year.

(i) Other transactions with key management personnel

During the period, Electro Cad Australia Pty Ltd, an entity controlled by John Schultz, provided supplies and services to Xped Limited. $165,744 (June 2015: $109,245) has been expensed during the year 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.

Insurance of Officers

During or since the end of the year, the Group has not given any indemnity to a current or former officer or auditor against a liability or made any agreement under which an officer or auditor may be given any indemnity of the kind covered by the *Corporations Act 2001*.

During the year, the Group paid premiums in respect of directors' and officers' indemnity insurance contracts for the period ended 30 June 2016. The insurance contracts offer continuing indemnity to officers of the Group where the person is no longer an officer at the time the claim is made. The Group paid a premium of $19,800 (2015: $16,500) to insure the directors of the Group during the financial year. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on Behalf of the Group

The Group is not aware that any person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings in which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.
No proceedings have been brought or intervened in on behalf of the Group with leave of the court under section 237 of the *Corporations Act 2001*.

Non-audit Services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the Group are important.

The Board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed to ensure they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for non-audit services provided by the auditors of the parent entity, its related practices and non-related audit firms:

	2016 $	2015 $
Pitcher Partners		
Audit services		
Audit and review of financial reports	40,000	-
Financial due diligence	20,000	-
Taxation services		
Tax and other services	101,320	-
Total remuneration	**161,320**	**-**
Bentleys (SA)		
Audit services		
Audit and review of financial reports	-	19,000
Taxation services		
Tax and other services	3,000	-
Total remuneration	**3,000**	**19,000**

Auditor's Independence Declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this report.

Auditor
Pitcher Partners continues in office in accordance with section 327 of the *Corporations Act 2001.*

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

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Athan Lekkas
Director

Brisbane
29 September 2016

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

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Pitcher Partners is an association of independent firms
Brisbane | Melbourne | Sydney | Perth | Adelaide | Newcastle

The Directors
XPED Limited (formerly Raya Group Limited)
Level 6, 412 Collins Street
Melbourne Victoria 3000

Auditor's Independence Declaration

As lead auditor for the audit of XPED Limited (formerly Raya Group Limited) for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of XPED Limited (formerly Raya Group Limited) and the entities it controlled during the period.

Pitcher Partners

PITCHER PARTNERS

NIGEL BATTERS
Partner

Brisbane, Queensland
29 September 2016

Corporate Governance Practices and Conduct

Xped Limited has published its Corporate Governance Statement on its website. It can be found at www.xped.com/irm/content/corporate-governance.aspx

Xped Limited ABN 89 122 203 196
Annual Financial Report – 30 June 2016

Contents

Annual Financial Report – 30 June 2016

These financial statements cover the consolidated entity consisting of Xped Limited and its subsidiaries. The financial report is presented in Australian currency.

Xped Limited is a listed public company limited by shares, incorporated and domiciled in Australia and listed on the Australian Securities Exchange. Its registered office and principal place of business is:

Level 6, 412 Collins Street
Melbourne, Victoria 3000

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 2 to 4.

The financial statements were authorised for issue by the directors on 29 September 2016. The Group has the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available at our Shareholders' Centre on our website: www.xped.com.

	Notes	2016 $	2015 $
Revenue and other income from continuing operations	5	43,698	377,804
Employee and contracting expenses		(704,793)	(505,652)
Finance costs		(5,845)	-
Directors fees		(107,000)	-
Consulting and advisory fees		(522,765)	(3,600)
Occupancy costs		(44,363)	(14,597)
Travel		(272,052)	(15,511)
Marketing and Promotion		(72,747)	(23,952)
Professional and Legal fees		(359,576)	(58,795)
Materials		(82,867)	(65,926)
Patents and Trademarks		(155,248)	(162,564)
Depreciation	12	(12,265)	(9,512)
Impairment expense	25	(1,606,448)	-
Impairment of development costs	13	(4,392,985)	-
Other expenses		(115,643)	(22,783)
Due diligence costs		(403,069)	-
Related party loans forgiven		5,727,146	-
Loss before income tax		**(3,086,822)**	**(505,088)**
Income tax expense		-	-
Loss for the year		**(3,086,822)**	**(505,088)**
Other comprehensive income		-	-
Total comprehensive income		**(3,086,822)**	**(505,088)**

Earnings per share for loss attributable to ordinary equity holders of the company

	Notes	Cents	Cents
Basic and diluted loss per share	23	(0.29)	(0.51)

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

	Notes	2016 $	2015 $
Current assets			
Cash and cash equivalents	8	8,846,362	1,574
Other financial assets	9	750,000	69
Trade and other receivables	10	102,745	397,859
Prepayments	11	180,409	-
Total current assets		**9,879,516**	**399,502**
Non-current assets			
Plant and Equipment	12	607,482	11,926
Intangible assets	13	59,226	4,394,385
Investments accounted for using the equity method	14	1,300,000	-
Total non-current assets		**1,966,708**	**4,406,311**
TOTAL ASSETS		**11,846,224**	**4,805,813**
Current liabilities			
Trade and other payables	15	653,300	360,788
Borrowings	16	421,495	26,565
Income in advance		-	28,686
Provisions	17	300,630	-
Total current liabilities		**1,375,425**	**416,039**
Non-current liabilities			
Borrowings	16	295,465	-
Provisions	17	14,996	-
Financial liabilities		-	5,986,630
Total non-current liabilities		**310,461**	**5,986,630**
TOTAL LIABILITIES		**1,685,886**	**6,402,669**
NET ASSETS / (LIABILITIES)		**10,160,338**	**(1,596,856)**
EQUITY			
Contributed equity	18	13,395,086	645,800
Reserves	19	2,094,730	-
Accumulated losses	19	(5,329,478)	(2,242,656)
TOTAL EQUITY		**10,160,338**	**(1,596,856)**

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

	Contributed Equity $	Share-based Payments Reserve $	Accumulated Losses $	Total $
2016				
Balance at 1 July 2015	645,800	-	(2,242,656)	(1,596,856)
Loss for the year	-	-	(3,086,822)	(3,086,822)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	645,800	-	(5,329,478)	(4,683,678)
Transactions with owners in their capacity as owners				
Issue of shares	927,933	-	-	927,933
Fair value of ordinary shares issued as consideration	8,941,003	-	-	8,941,003
Fair value of Class A Performance shares issued	-	700,000	-	700,000
Fair value of Class B Performance shares issued	-	650,000	-	650,000
Fair value of Class C Performance shares issued	-	650,000	-	650,000
Fair value of employee share based payments	-	4,730	-	4,730
Ordinary shares issued during the year through exercise of listed options	2,856,959	-	-	2,856,959
Shares to be issued	113,391	-	-	113,391
Cost of share issue	(90,000)	90,000	-	-
Balance at 30 June 2016	**13,395,086**	**2,094,730**	**(5,329,478)**	**10,160,338**
2015				
Balance at 1 July 2014	501,200	-	(1,737,568)	(1,236,368)
Loss for the year	-	-	(505,088)	(505,088)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	501,200	-	(2,242,656)	(1,741,456)
Transactions with owners in their capacity as owners				
Shares issued during the year	144,600	-	-	144,600
Balance at 30 June 2015	**645,800**	**-**	**(2,242,656)**	**(1,596,856)**

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

	Notes	2016 $	2015 $
Cash flows from operating activities			
Customer receipts		1,345	-
Interest received		10,178	-
Interest paid		(5,845)	(4,201)
R&D tax concession received		377,804	301,156
Payments to suppliers and employees		(2,767,129)	(682,368)
Net cash outflow from operating activities	22	**(2,383,647)**	**(385,413)**
Cash flows from investing activities			
Payments for plant and equipment		(607,821)	(10,357)
Proceeds from term deposits		300,000	-
Payment for intangibles		(57,826)	-
Net cash arising from purchase of business		7,955,767	-
Net cash outflow from investing activities		**7,590,120**	**(10,357)**
Cash flows from financing activities			
Repayment of related party borrowings		(260,000)	-
Proceeds from borrowings		756,070	220,061
Repayment of borrowings		(79,473)	-
Proceeds from share issues		3,898,283	144,600
Net cash inflow / (outflow) from financing activities		**4,314,880**	**364,661**
Net increase / (decrease) in cash and cash equivalents		9,521,353	(31,109)
Cash and cash equivalents at the beginning of the year		(24,991)	6,118
Cash and cash equivalents at the end of the year*	8	**9,496,362**	**(24,991)**

* 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 30 June 2016 the Group held, in addition to cash and cash equivalents above, $100,000 (2015: nil) in term deposits.

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

Contents of the notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements relate to the consolidated entity consisting of Xped Limited and its subsidiaries. Separate financial statements of Xped Limited as an individual entity are no longer presented as a consequence of a change to the *Corporations Act 2001*. Limited financial information for the parent entity, however, is disclosed in Note 26. It has been prepared on the same basis as the consolidated financial statements, as set out below.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. Xped Limited is a for-profit entity for the purpose of preparing financial statements.

Compliance with IFRS

This financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

New and amended standards adopted by the group

There are a number of new and amended accounting standards issued by the AASB which are applicable for reporting periods beginning on 1 July 2015. All the mandatory new and amended accounting standards issued that are relevant to our operations and effective for the current reporting period have been adopted. There was no material impact on the financial report as a result of the mandatory new and amended accounting standards adopted.

(b) Reverse acquisition

On 23 March 2016 Xped Limited completed the legal acquisition of Xped Holdings Limited and its controlled subsidiaries. Under the Australian Accounting Standards, Xped Holdings Limited was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a reverse acquisition by which Xped Holdings Limited acquires the business including the net assets of Xped Limited.

Accordingly, the consolidated financial statements of Xped Limited have been prepared as a continuation of the business and operation of Xped Holdings Limited. As the deemed acquirer, Xped Holdings Limited has accounted for the acquisition of Xped Limited from 23 March 2016. The comparative information for the 12 months ended 30 June 2015 presented in the consolidated financial statements is that of Xped Holding Limited as presented in its last set of year-end financial statements. Refer to note 25 for further details of the transaction.

(i) Statement of Comprehensive Income

- The 2016 Statement of Comprehensive Income comprises the total comprehensive income for the financial year, being the 12 months from Xped Holdings Limited for the year ended 30 June 2016 and the period from 23 March 2016 until 30 June 2016 for Xped Limited.
- The 2014 Statement of Comprehensive Income comprises the full comparative financial year for Xped Holdings Limited.

(ii) Statement of Financial Position

- The 2016 Statement of Financial Position as at 30 June 2016 represents the combination of Xped Holdings Limited and Xped Limited.
- The 2015 Statement of Financial Position represents Xped Holdings Limited only as at 30 June 2015.

1. Summary of significant accounting policies (continued)

(iii) Statement of Changes in Equity

- The 2016 Statement of Changes in Equity comprises:
  - o The equity balance of Xped Holdings Limited as at the beginning of the financial year (1 July 2015).
  - o The total comprehensive income for the financial year and transactions with equity holders, being the 12 months from Xped Holdings Limited for the year ended 30 June 2016 and the period from 23 March 2016 until 30 June 2016 for Xped Limited.
  - o The equity balance of the combined Xped Holdings Limited and Xped Limited at the end of the financial year (30 June 2016).
- The 2015 Statement of Changes in Equity comprise the full financial year for Xped Holdings Limited for the 12 months ended 30 June 2015.

(iv) Statement of Cash Flows

- The 2016 Statement of Cash Flows comprises:
  - o The cash balance of Xped Holdings Limited at the beginning of the financial year (1 July 2015).
  - o The transactions for the financial year for the 12 months of Xped Holdings Limited ended 30 June 2016 and from 23 March until 30 June 2016 for Xped Limited.
  - o The cash balance of the combined Xped Holdings Limited and Xped Limited at the end of the period (30 June 2016).
- The 2015 Statement of Cash Flows comprises the full financial year of Xped Holdings Limited for the year ended 30 June 2015.

(c) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Xped Limited ("company" or "parent entity") as at 30 June 2016 and the results of all subsidiaries for the year then ended. Xped Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(f)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Xped Limited.

(ii) *Joint arrangements*

Under AASB 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Xped Limited has both joint operations and joint ventures.

Joint operations

Xped Limited recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 29.

Joint ventures

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Summary of significant accounting policies (continued)

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

(e) Revenue and other income recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Interest revenue

Interest is recognised on a time proportion basis using the effective interest method.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are accounted for by deducting the grant in calculating the carrying amount of the asset. The grant is recognised in profit or loss over the life of the asset as a reduced amortisation expense. In the absence of amortisation, no benefit from the government grant is recognised in profit or loss.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amounts and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation legislation

Xped Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

1. **Summary of significant accounting policies (continued)**

(f) Income tax (continued)

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax consolidated group, using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities or assets and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts referred to in the following section. Any difference between these amounts is recognised by the Group as an equity contribution or distribution.

The Group recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustment to deferred tax assets arising from unused tax losses, as a result of revised assessments of the probability of recoverability, is recognised by the head entity only.

Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement, which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts.

The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements.

(g) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

1. Summary of significant accounting policies (continued)

(g) Business combinations (continued)

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(h) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

(i) Cash and cash equivalents

For cash-flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the consolidated entity has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:
(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest or by its sale; or
(ii) activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the geothermal activity in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to property and development assets within property, plant and equipment.

1. Summary of significant accounting policies (continued)

(j) Exploration and evaluation expenditure (continued)

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration and evaluation phases that give rise to the need for restoration. Accordingly, these costs will be recognised gradually over the life of the project as the phases occur.

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30 days.

(l) Investments and other financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, available-for-sale, loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the assets were acquired. At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss are expensed in the statement of comprehensive income in the period in which they occur.

The Group has no financial assets designated as available-for-sale.

Held-to-maturity investments

Held-to-maturity investments are subsequently carried at amortised cost using the effective interest method. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

Fair value through profit and loss

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit and loss are presented in the statement of changes in comprehensive income with other income or other expenses in the period in which they arise. Dividend income from financial assets through profit and loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the group's right to receive payments is established.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest rate method. The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(m)Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. Carrying values are tested annually for impairment.

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have an indefinite life and are tested annually for impairment and carried at cost less any accumulated impairment losses.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

1. **Summary of significant accounting policies (continued)**

(p) Leases
Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the estimated useful life of the asset. Where there is no reasonable certainty that the lessee will obtain ownership, the asset is depreciated over the shorter of the lease term and the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

(q) Property, plant and equipment
Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of assets is calculated on the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. The depreciation rates used for each class of depreciable asset are:

Classification	*Rate*	*Depreciation Basis*
Plant and equipment	5 – 50%	Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(r) Employee benefits
(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations
The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.
The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) *Superannuation*
The Group makes contributions to defined contribution superannuation funds. Contributions are recognised as an expense as they become payable.

1. Summary of significant accounting policies (continued)

(r) Employee benefits

(iv) *Share-based payments*

Share-based compensation benefits are provided to employees.

The fair value at grant date is determined using an option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(t) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(v) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

1. **Summary of significant accounting policies (continued)**

(w) New accounting standards and interpretations
Relevant accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the year are as follows:

The Directors anticipate that the adoption of these Standards and Interpretations in future years may have the following impacts:

AASB 9 *Financial Instruments* (effective for annual reporting periods beginning on or after 1 January 2018)
AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting. The standard is not applicable until 1 January 2018 but is available for early adoption. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The Group does not have any hedging arrangements.

Revenue from Contracts with Customers (effective 1 January 2017)
The AASB has issued a new standard for the recognition of revenue. This will replace AASB 18 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer with the notion of control replacing the existing notion of risks and rewards. The group has not yet considered the effect of the new rules on its revenue recognition policies. The Group intends to apply the amendment from 1 January 2017.

AASB 16: Leases (effective 1 January 2019)
When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective 1 January 2018)
This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3 to an associate or joint venture.
The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. The directors do not anticipate that the adoption of AASB 2014-10 will have an impact on the Group's financial statements

AASB 2016-1: Amendments to Australian Accounting Standards – Recognition of Deferrred Tax Assets for Unrealised Losses [AASB 112] (effective 1 January 2017)

This Standard amends AASB 112 Income Taxes to clarify the circumstances in which the recognition of deferred tax assets may arise in respect of unrealized losses on debt instruments measured at fair value. The Group does not currently have any debt instruments.

AASB 2016-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 (effective 1 January 2017)
This Standard amends AASB 107 Statement of Cash Flows to include additional disclosures and reconciliation relating to changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The group has not yet considered the effect of the new rules. The Group intends to apply the amendment from 1 January 2017.

Other than as noted above, the adoption of the various Australian Accounting Standards and Interpretations and IFRSs on issue but not yet effective will not impact the Group's accounting policies. However, the pronouncements may result in changes to information currently disclosed in the financial statements. The Group does not intend to adopt any of these pronouncements before their effective dates.

1. Summary of significant accounting policies (continued)

(x) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operated ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Xped Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

(y) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(z) General

Xped Limited is a publicly listed company limited by shares, incorporated and domiciled in Australia and listed on the Australian Securities Exchange (ASX: RYG). Its registered office is:

Level 6, 412 Collins Street
Melbourne
Victoria 3000

2. Financial risk management

The Group's principal financial instruments comprise cash, term deposits and investments. The main purpose of these financial instruments is to manage the finances for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables and short term borrowings, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in speculative financial instruments shall be undertaken. This does not prevent the Group from holding financial assets for strategic purposes. The main risks arising from the Group's financial instruments are cash flow interest rate risk and foreign currency risk.

During the year the Group has had some transactional currency exposures, principally to the US dollar. The Group has not entered into forward currency contracts to hedge these exposures due to the short time frame associated with the currency exposure and the relatively modest overall exposure at any one point in time.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

Primary responsibility for identification and control of financial risk rests with the board of directors. However, the day-to-day management of these risks is under the control of the Managing Director and Chief Executive Officer. The board agrees the strategy for managing future cash flow requirements and projections.

(a) Financial instruments

The Group holds the following financial instruments:

	2016 $	2015 $
Financial Assets		
Cash and cash equivalents *	9,496,362	1,574
Other financial assets **	100,000	69
Trade and other receivables *	102,745	397,859
	9,699,107	399,502
Financial Liabilities		
Trade and other payables ***	626,046	360,788
Borrowings ***	716,960	26,565
Financial liabilities*	-	5,986,630
	1,343,006	6,373,983

* Loans and receivables category
** Held-to-maturity category
*** Financial liabilities at amortised cost category

(b) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Group's policy is to convert its local currency to the foreign currency at the time of the transaction. Foreign exchange risk arises from future commercial transactions and recognised financial liabilities denominated in a currency that is not the Group's functional currency (which is the Australian dollar).

The Group manages foreign exchange risk on an as-needs basis. The risk is measured using sensitivity analysis and cash-flow forecasting.

Price risk

The Group is not exposed to any significant equity security or commodity price risk.

2. **Financial risk management (continued)**

(iii) Interest rate risk
The Group's exposure to interest rate risk arises predominantly from cash and cash equivalents bearing variable interest rates, as the Group intends to hold any fixed rate financial assets to maturity. At the end of the reporting period the Group maintained the following variable rate accounts:

	30 June 2016		**30 June 2015**	
	Weighted average interest rate %	**Balance $**	**Weighted average interest rate %**	**Balance $**
Cash and cash equivalents	1%	9,496,362	0%	1,574

At the end of the reporting period, if the interest rates had changed, as illustrated in the table below, with all other variables remaining constant, after-tax profit and equity would have been affected as follows:

	After-tax profit higher / (lower)		**Equity higher / (lower)**	
	2016 $	**2015 $**	**2016 $**	**2015 $**
+1% (100bp)	94,964	157	94,964	157
-1% (100bp)	(94,964)	(157)	(94,964)	(157)

(c) Credit risk
Credit risk primarily arises from cash and cash equivalents and term deposits deposited with banks. Cash and cash equivalents and term deposits are currently placed with Westpac Banking Corporation and Commonwealth Banking Corporation, which has an independently rated credit rating of AA. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised in the table above.
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(d) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents in order to meet the Group's forecast requirements. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in bank deposits. At reporting date, the Group did not have access to any undrawn borrowing facilities.

Maturity of financial liabilities
The tables below are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cashflows.

30-Jun-16	**Interest rate %**	**Less than 12 months $**	**Between 1 & 2 years $**	**Total contractual cash flows $**	**Carrying amount $**
Non-interest bearing					
Trade and other payables		653,300	-	653,300	653,300
Fixed interest rate instruments					
Borrowings	5.63	449,477	304,548	754,025	716,960
		1,102,777	**304,548**	**1,407,325**	**1,370,260**
30-Jun-15					
Non-interest bearing					
Trade and other payables		360,788	-	360,788	360,788
Shareholders loans		-	5,986,630	5,986,630	5,986,630
Borrowings		26,565	-	26,565	26,565
		387,353	**5,986,630**	**6,373,983**	**6,373,983**

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The critical estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Goodwill Impairment
Goodwill arising on business combinations is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and liabilities assumed, and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of the net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Rehabilitation
The Group assesses rehabilitation requirements at each reporting date by evaluating costs both for close down and restoration and for environmental cleanup costs. Provision is made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

Tax Losses
As detailed in Note 7, the Group has unrecognised deferred tax assets relating to temporary differences and tax losses, of $8,976,657 as at 30 June 2016 (2015: $618,250). The Group has determined that the unrecognised deferred tax assets are available to offset future taxable profits.

Classification of joint arrangements
Sokoria Indonesia
The entity's joint venture, P.T Sokoria Geothermal Indonesia, makes up the investments accounted for using the equity method (refer note 14). The reporting entity holds 45% of the interest in the arrangement and 50% voting power. Under the joint arrangement agreement unanimous consent is required from all parties to the agreement for all relevant activities. The reporting entity and the parties to the agreement only have rights to the net assets of the Group thought the terms of the contractual arrangements. Other facts and circumstances however have also been considered to determine the classification of this arrangement.

The level of output taken by the parties to the joint arrangement is not considered substantial to indicate that the arrangement has been set up primarily for the provision of output to the parties and that they have direct rights to substantially all of the economic benefits of the arrangement. Similarly, the parties are not considered to be substantially the only source of cash flows contributing to the continuity of the arrangement, indicating that the parties do not have a direct obligation for the liabilities relating to the arrangement.

This arrangement is therefore classified as a joint venture of the reporting entity.

Dairi Prima and Ngebel
The reporting entity currently recognises the joint arrangements referred to as Dairi Prima and Ngebel as joint operations. All parties that have joint control within the arrangements have rights to their share of the assets, and obligation for the liabilities incurred in relation to the joint arrangements.

These arrangements are therefore classified as joint operations of the reporting entity.

4. 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 was the only operating segment in the financial year ending 2015.

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.

Activity by segment

Technology Development

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

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. The Group has been successful in advancing the project through an executed PPA and continues to advance with a Transmission Line Study completed and negotiations for additional tariff ongoing.
- Ngebel Geothermal Project, under a Joint Venture with PT Bakrie Power, for a 165 MW geothermal development on East Java, Indonesia, with Xped earning into 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 projects 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.

4. 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	Geothermal Projects	Corporate	Total
	$	$	$	$
Customer Receipts	26,082	-	-	26,082
Interest	-	-	17,616	17,616
Total segment revenue	26,082	-	17,616	43,698
		-		
Employee & contractor expenses	(699,235)	-	(5,558)	(704,793)
Finance costs	(2,216)	-	(3,629)	(5,845)
Consulting and advisory	(457,785)	-	(171,980)	(629,765)
Occupancy costs	(39,590)	-	(4,773)	(44,363)
Travel	(255,787)	-	(16,265)	(272,052)
Marketing and Advertising	(52,747)	-	(20,000)	(72,747)
Professional and legal fees	(221,611)	-	(137,965)	(359,576)
Materials	(82,867)	-	-	(82,867)
Patent and trademarks	(155,248)	-	-	(155,248)
Depreciation	(12,265)	-	-	(12,265)
Impairment expense	-	-	(1,606,448)	(1,606,448)
Impairment of development costs	(4,343,809)	(49,176)	-	(4,392,985)
Other expenses	(36,769)	-	(78,875)	(115,643)
Transactions costs	-	-	(403,069)	(403,069)
Related party loans forgiven	-	-	5,727,146	5,727,146
Loss before tax	(6,333,846)	(49,176)	3,296,200	(3,086,822)

(i) Segment assets and liabilities

	Technology Development	Geothermal Projects	Corporate	Eliminations	Total
	$	$	$	$	$
Assets	992,505	1,313,256	12,340,666	(2,800,203)	11,846,224
Liabilities	(3,746,819)	(280,000)	(459,270)	2,800,203	(1,685,886)

	2016 $	2015 $
5. Revenue and other income		
Interest revenue	17,616	-
Sales	26,082	-
R and D tax concession	-	377,804
	43,698	377,804

6. Expenses

Loss before income tax includes the following specific expenses:		
Rental expenses relating to operating leases – minimum lease rentals	33,065	-
Defined contribution superannuation expense	26,084	21,724

7. Income tax

(a) Income tax expense

Current tax	-	-
Deferred tax	(1,056,291)	-
Adjustments for deferred tax assets of prior periods	(7,920,366)	-
De-recognition of deferred tax asset	8,976,657	-
	-	-

(b) Reconciliation of income tax expense to prima facie income tax

Loss before income tax	(3,086,822)	(505,088)
Tax at the Australian tax rate of 30% (2015: 30%)	(926,047)	(151,526)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development	1,587,248	-
Loss on loans forgiven	38,443	-
Gain on loans forgiven	(1,756,587)	-
Non-deductible expenses	652	-
DTA arising from prior year timing differences	(82,526)	-
DTA arising from carried forward tax losses	(7,837,840)	(466,724)
	(8,976,657)	(618,250)
Deferred tax asset not recognised	8,976,657	618,250
Income tax expense	-	-

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:		
Temporary differences and tax losses at 30% (2015: 30%)	887,633	-
Tax losses at 30% (2015: 30%)	8,089,024	618,250
	8,976,657	618,250

Tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits from the deferred tax assets.

(d) Tax consolidation legislation

Xped Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The accounting policy in relation to this legislation is set out in note 1(e).

No amounts were recognised during the year (2015: $nil) as tax consolidation contributions by, or distributions to, equity participants.

	2016 $	2015 $

8. Cash and cash equivalents

	2016 $	2015 $
Cash at bank and on hand	8,846,362	1,574

(a) Reconciliation to cash flow statement
The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2016 $	2015 $
Balance as above	8,846,362	1,574
Term deposits held greater than 3 months (included at Note 9)	650,000	-
Bank overdraft	-	(26,565)
Balances per statement of cash flow	9,496,362	(24,991)

9. Other financial assets

	2016 $	2015 $
Term deposits	750,000	-
Other	-	69

Term deposits as at 30 June 2016 and 30 June 2015 are held as security in favour of the South Australian Government (PIRSA) for the Limestone Coast tenements. The term deposits are recognised and measured as Held-to-maturity financial assets.

10. Trade and other receivables

	2016 $	2015 $
Current		
Other receivables	102,745	397,859

Other receivables as at 30 June 2016 mainly represent GST amounts awaiting reimbursement from Australian Taxation Office (in the ordinary course of business) and accrued interest (2015: R&D Tax concession and GST). None of the balances within other receivables are past due or contain impaired assets.

11. Prepayments

	2016 $	2015 $
Prepaid insurance	180,409	-

12. Plant and Equipment

	2016 $	2015 $
Plant and equipment - at cost		
Balance at beginning of year	60,578	60,578
Balance at end of year	60,578	60,578
Accumulated depreciation		
Balance at beginning of year	59,593	51,767
Depreciation	440	7,826
Balance at end of year	60,033	59,593
Plant and equipment net book value	**545**	**985**
Office Equipment – at cost		
Balance at beginning of year	18,713	8,356
Additions	1,445	10,357
Transfer to computer equipment	(5,882)	-
Balance at end of year	14,277	18,713
Accumulated depreciation		
Balance at beginning of year	7,772	6,086
Depreciation	3,055	1,686
Transfer to computer equipment	(4,578)	-
Balance at end of year	6,249	7,772
Office Equipment net book value	**8,028**	**10,941**
Computer Equipment – at cost		
Balance at beginning of year	-	-
Additions	24,190	-
Transfer from office equipment	5,882	-
Balance at end of year	30,072	-
Accumulated depreciation		
Balance at beginning of year	-	-
Depreciation	1,600	-
Transfer from office equipment	4,578	-
Balance at end of year	6178	-
Computer Equipment net book value	**23,894**	**-**
Software – at cost		
Balance at beginning of year	-	-
Additions	582,185	-
Balance at end of year	582,185	-
Accumulated depreciation		
Balance at beginning of year	-	-
Depreciation	7,170	-
Balance at end of year	7,170	-
Software net book value	**575,015**	**-**
Total Plant and Equipment		
Carrying amounts		
At beginning of the year	11,926	11,081
At end of the year	**607,482**	**11,926**

13. Intangible Assets

	2016 $	2015 $
Development costs		
Balance at beginning of year	4,392,985	4,392,985
Impairment expense	(4,392,985)	-
Balance at end of year	-	4,392,985
Patents and Trademarks		
Balance at beginning of year	-	-
Additions	57,826	-
Balance at end of year	57,826	-
Formation costs		
Balance at beginning of year	1,400	1,400
Balance at end of year	1,400	1,400
Total Intangible Assets		
Carrying amounts		
At beginning of the year	4,395,385	4,394,385
At end of the year	**59,226**	**4,394,385**

14. Investment accounted for using the equity method

Interest in joint venture entity	1,300,000	-
Fair value on acquisition date	1,300,000	-
Carrying amount at end of year	1,300,000	-

The Group has a 45 per cent equity shareholding in P.T. Sokoria Geothermal Indonesia with 50% voting power, a joint venture established in Indonesia with P.T. Bakrie Power, the Group's joint venture partner, to pursue the development of the Sokoria geothermal Project on the island of Flores in Indonesia.

15. Trade and other payables

Trade payables	345,454	342,382
Accruals	276,642	8,819
Other payables	31,204	9,587
Total trade and other payables	653,300	360,788

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

16. Borrowings

Current		
Cash overdraft	-	26,565
Insurance premium funding	138,770	-
Finance Lease	282,725	-
	421,495	26,565
Non-Current		
Finance Lease	295,465	-
	295,465	-

17. Provisions

	2016 $	2015 $
Rehabilitation	280,000	-
Employee benefits	20,630	-
Total current provisions	300,630	-
Non-current		
Employee benefits	14,996	-

The provision for rehabilitation relates to the Group's tenement interests that the group is required to rehabilitate land and surrounding environment to its original condition. The work is anticipated to be carried out in the 2017 financial year.

18. Contributed equity

Ordinary shares – fully paid	13,395,086	645,800

(a) Movements in equity	**No. of Shares**	**$**
Balance at 30 June 2014	**99,085,173**	**501,200**
Issue of shares	2,182,500	144,600
Balance at 30 June 2015	**101,267,673**	**645,800**
Issue of shares (i)	5,259,273	289,933
Recognition of shares in Xped Limited in accordance with reverse acquisition accounting (ii)	1,547,917,266	8,941,003
Issue of Advisor shares (iii)	15,000,000	-
Issue of shares (iv)	25,520,000	638,000
Issue of shares on exercise of options (v)	190,523,946	2,856,959
Unissued shares on exercise of options (v)	-	113,391
Share issue expenses (vi)	-	(90,000)
Balance at 30 June 2016	**1,885,488,158**	**13,395,086**

(i) Private placement of Xped Holding Limited shares prior to reverse takeover.

(ii) Xped Limited shares on issue prior to reverse takeover.

(iii) Shares issued to EAS Advisors LLC for services provided, as approved by the Xped Limited shareholders at the general meeting on 4 March 2016. Shares are subject to 24 months escrow from date of issue.

(iv) Shares issued under the Public Offer and Priority Offer as approved by the Xped Limited shareholders at the general meeting on 4 March 2016.

(v) Shares issued on the exercise of listed options (ASX: XPEOB) at an exercise price of $.015.

(vi) Fair value of 30,000,000 unlisted options issued to EAS Advisors LLC for services provided, as approved by the Xped Limited shareholders at the general meeting on 4 March 2016.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

18. Contributed equity (continued)

(b) Share options

At 30 June 2016, the following options for ordinary shares in Xped Limited were on issue:

	2016 Number	2015 Number
Employee unlisted options (i)	1,100,000	-
Unlisted Options (ii)	30,000,000	-
Listed options (ASX: XPEOB) (iii)	189,228,510	-
Management performance shares Class A (iv)	50,000,000	-
Management performance shares Class B (iv)	50,000,000	-
Management performance shares Class C (iv)	50,000,000	-
	370,328,510	-

(i) Options, issued prior to reverse takeover, to past employees of Xped Limited with strike prices between $0.75 to $1.50, expiring 15 December 2016.

(ii) Options issued to EAS Advisors LLC for services provided, as approved by the Xped Limited shareholders at the general meeting on 4 March 2016.

(iii) From 23 March 2016 to the end of the period 190,523,946 listed options (ASX: XPEOB) were exercised at an exercise price of $.015.

(iv) On completion of the reverse takeover JK Group, a company controlled by John Schultz and Alanticx Technologies Pty Ltd, a company controlled by Christopher Wood, were issued 150,000,000 Management Performance Shares as approved by the Xped Limited shareholders at the general meeting on 4 March 2016.

19. Reserves and accumulated losses

	2016 $	2015 $
(a) Reserves		
Share based payment reserve	2,094,730	-
Movements:		
Balance at beginning of year	-	-
Employee options recognised on acquisition (i)	4,730	-
EAS options issued (ii)	90,000	-
Performance shares issued as purchase consideration (iii)	2,000,000	-
Balance at end of year	2,094,730	-
(b) Accumulated losses		
Movements:		
Balance at beginning of year	(2,242,656)	(1,737,568)
Loss for the year	(3,086,822)	(505,088)
Balance at end of year	(5,329,478)	(2,242,656)

(c) Nature and purpose of reserves

Share based payment reserve

The share based payment reserve is used to recognise the fair value of performance shares issued and options issued but not exercised.

(i) Options, issued prior to reverse takeover, to past employees of Xped Limited.

(ii) Options issued to EAS Advisors LLC for services provided.

(iii) Performance shares were issued to JK Group, a company controlled by John Schultz and Alanticx Technologies Pty Ltd, a company controlled by Christopher Wood, with a fair value of $1,000,000 each as consideration for the acquisition of Xped Holdings.

	2016 $	2015 $

20. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the group:

(a) Pitcher Partners

	2016 $	2015 $
Audit services		
Audit and review of financial reports	40,000	-
Financial due diligence	20,000	-
Taxation services		
Tax and other services	101,320	-
Total remuneration	**161,320**	-

(b) Bentleys (SA)

	2016 $	2015 $
Audit services		
Audit and review of financial reports	-	19,000
Taxation services		
Tax and other services	3,000	-
Total remuneration	3,000	19,000

21. Key management personnel

(a) Key management personnel compensation

	2016 $	2015 $
Salary and fees	364,049	-
Post-employment benefits	3,563	-
	367,612	-

Key management personnel has been prepared on a reverse acquisition accounting basis as follows:

- 2015 comparative information in not included as Xped Holdings Limited was not a listed entity.
- Information for the year ended 30 June 2016 has been prepared as follows:

John Schultz and Christopher Wood were directors of Xped Holdings Limited for the full financial year, their remuneration is for the period 1 July 2015 to 30 June 2016. Remuneration details of all other directors is provided from 23 March 2016 to 30 June 2016.

(b) Other transactions with key management personnel

On completion of the reverse takeover JK Group, a company controlled by John Schultz and Alanticx Technologies Pty Ltd, a company controlled by Christopher Wood, were issued 150,000,000 Management Performance Shares that are convertible into shares in the company, and quoted on the ASX, on a one for one basis upon achievement of certain milestones. There shares were issued as consideration for acquisition of Xped Holdings Limited.

During the period, Electro Cad Australia Pty Ltd, an entity controlled by John Schultz, provided supplies and services to Xped Limited. $165,744 (June 2015: $109,245) has been expensed during the year in relation to these services, $45,585 payable as at 30 June 2016.

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

		2016 $	2015 $
22.	**Cash flow information**		

Reconciliation of loss after income tax to net cash outflow from operating activities

	2016 $	2015 $
Loss for the year	(3,086,822)	(505,088)
Impairment of development costs	4,392,985	-
Loans forgiven	(5,726,630)	-
Depreciation	12,265	9,512
Goodwill write off	1,606,448	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade or other receivables	371,351	(92,008)
(Increase)/decrease in other financial assets	(4,914)	(69)
(Increase)/decrease in other current assets	(125,170)	-
Increase/(decrease) in trade and other payables	132,321	202,240
Increase/(decrease) in provisions	44,519	-
Net cash outflow from operating activities	(2,383,647)	(385,413)

23. Earnings per share

(a) Basic and diluted earnings per share

	2016 Cents	2015 Cents
Loss attributable to the ordinary equity holders of the company	(0.29)	(0.51)

(b) Weighted average number of ordinary shares used as the denominator

	2016 Number	2015 Number
Number used in calculating basic and diluted earnings per share	1,074,774,930	99,198,783

(c) Information concerning earnings per share:
Options granted are considered to be potential ordinary shares. As the group has incurred losses the potential voting rights are deemed to be anti-dilutive.

24. Share-based payments

Options were issued to staff who commenced with Xped prior to the reverse takeover. There is no formal employee share option plan. The number of options issued, the strike price of options issued and all other relevant terms have been set having regard to the persons position in the Group and level of experience. All employee options have a maximum life of 5 years. Such options vest according to the terms that are agreed at the time of grant between Xped and the employee. However options normally vest either immediately upon grant or progressively over the life of the option. Upon termination by either by Xped or by the employee, all vested options remain the property of the employee, with no change to the life of the option. Upon termination by either Xped or the employee, all unvested options normally lapse.

Set out below are summaries of options granted as share-based payments for services provided by directors and employees.

Grant Date	Expiry Date	Exercise Price	Balance at 23 March 2016	Lapsed during the year Number	Exercised during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
15/12/2011	15/12/2016	$0.075	475,000	-	-	475,000	475,000
15/12/2011	15/12/2016	$0.100	425,000	-	-	425,000	425,000
15/12/2011	15/12/2016	$0.125	100,000	-	-	100,000	100,000
15/12/2011	15/12/2016	$0.150	100,000	-	-	100,000	100,000
12/06/2013*	21/07/2016	$0.015	35,000,000	-	(35,000,000)	-	-
			36,100,000	-	(35,000,000)	**1,100,000**	**1,100,000**
Weighted average exercise price			$0.017	-	$0.015	$0.003	$0.003

* XPEOB listed options

25. Business Combinations

On 23 March 2016, Xped Limited acquired 100% of the share capital of Xped Holdings Limited in exchange for shares in Xped Limited. The acquisition of Xped Holdings Limited is considered a reverse acquisition, with Xped Holdings Limited being considered the accounting acquirer for reporting purposes and the business combination being accounted for under AASB 3 'Business Combination'.

The acquisition allows Xped Limited the opportunity to access the global capital markets for further development of ADRC technology with the intention for forming global relationship with global technology companies.

Purchase consideration transferred:	**Fair Value** **$**
Fair value of ordinary shares issued in Xped Limited	8,941,003
Fair value of Class A Performance shares	700,000
Fair value of Class B Performance shares	650,000
Fair value of Class C Performance shares	650,000
Fair Value of employee share based payments previously vested, not yet expired	4,730
Total purchase consideration	**10,945,733**
Assets	
Cash and cash equivalents	7,955,767
Other financial assets	400,000
Trade and other receivables	71,255
Other current assets	55,238
Loans receivable	720,699
Investments accounted for using the equity method	1,300,000
Total assets	**10,502,959**
Liabilities	
Trade and other payables	852,203
Borrowings	40,365
Provisions	271,106
Total liabilities	**1,163,674**
Total identifiable net assets at fair value	9,339,285
Goodwill arising on acquisition*	1,606,448
Purchase consideration transferred	**10,945,733**
Net cash inflow or outflow arising from reverse acquisition	
Cash paid	-
Cash acquired	7,955,767
Net cash inflow	**7,955,767**

*The goodwill recognised at the time of the reverse acquisition ($1,606,448) represents the premium paid by the acquirer for the listing status of XPED Limited and assembled workforce, although it was determined that it was appropriate to impair goodwill immediately upon acquisition as it is expected the assembled workforce will only remain with the group on a transitionary basis.

There were no acquisitions in the year ending 30 June 2015.

Revenue and profit contribution
The acquired business contributed revenues of $17,463 and pre-tax loss of $823,857 to the Group for the period 23 March 2016 to 30 June 2016. These amounts have been calculated using the Group's accounting policies.

If the reverse acquisition had occurred on 1 July 2015, consolidated revenue and net loss before tax for the year ended 30 June 2016 would have been $57,929 and $5,504,398 respectively.

Acquisition-related costs
Acquisition-related costs of $355,794 are included in profit or loss and in operating cash flows in the statement of cash flows.

Provisional accounting
The assets acquired and liabilities assumed have been accounted for on a provisional basis at 30 June 2016.

26. Parent entity disclosures

Xped Limited is the legal owner of the Group. However, under Australian Accounting Standards, a reverse acquisition by Xped Holdings Limited of Xped Limited has been deemed to have occurred. For accounting purposes, Xped Holdings Limited is the deemed parent of the Group from the date of the reverse acquisition (23 March 2016). Accordingly, comparative parent entity figures have not been provided below because the legal parent of the Group prior to 23 March 2016 was not the same entity as the legal parent of the Group after this date.

a) Summary financial information

The individual financial statements for the parent entity from 23 March to the end of the period show the following aggregations.

	Xped Limited 23 March 2016 to 30 June 2016 $
Results	
Loss for the year	(2,163,561)
Total comprehensive income/(loss) for the year	(2,163,561)
Financial Position	
Current assets	9,539,484
Non-current assets	3,310,308
	12,849,792
Current liabilities	459,270
Non-current liabilities	-
	459,270
Net Assets	12,390,522
Contributed equity	12,459,353
Share-based payments reserve	2,094,730
Accumulated losses	(2,163,561)
	12,390,522

b) Guarantees entered into by the parent entity

Xped Limited and its subsidiaries are parties to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of the group companies. Refer note 28.

c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2016.

d) Contractual commitments for capital expenditure

The parent entity did not have any contractual commitments for capital expenditure as at 30 June 2016.

27. Commitments

Operating leases

	2016 $	2015 $
Within one year	22,689	-
Later than one year but not later than five years	7,563	-
Later than five years	-	-
	30,252	-

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:

Within one year	280,000	-
Later than one year but not later than five years	-	-
Later than five years	-	-
	280,000	-

28. Controlled entities and deed of cross guarantee

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b).

Name of entity	Country of incorporation	Class of shares	Equity holding (1) 2016 %	Equity holding (1) 2015 %
Xped Ltd (Parent Company)	Australia			
Xped Holdings Ltd	Australia	Ordinary	100	100
Xped Corporation Pty Ltd	Australia	Ordinary	100	100
Xped USA Holdings Pty Ltd	Australia	Ordinary	100	-
* Panax Holdings Pty Ltd	Australia	Ordinary	100	-
* Scopenergy Pty Ltd	Australia	Ordinary	100	-
* Scopenergy Petroleum Pty Ltd (2)	Australia	Ordinary	100	-
* Osiris Energy Ltd	Australia	Ordinary	100	-
Xped Global Pte Ltd	Singapore	Ordinary	100	-
Panax Geothermal (Singapore) No.1 Pte Ltd	Singapore	Ordinary	100	-
Panax Geothermal (Singapore) No. 2 Pte Ltd	Singapore	Ordinary	100	-
Panax Geothermal (Singapore) No. 3 Pte Ltd	Singapore	Ordinary	100	-
Xped USA LLC	USA	Ordinary	100	-
Raya HK Limited	Hong Kong	Ordinary	100	-

(1) The proportion of ownership interest is equal to the proportion of voting power held.
(2) A 100% controlled entity of Scopenergy Pty Ltd.

* The above companies are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirements to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

28. Controlled entities and deed of cross guarantee (continued)

Condensed financial statements of the closed group

(a) Condensed statement of profit or loss and other comprehensive income

	2016 $
Revenue from ordinary activities	17,463
Expenses from ordinary activities	(837,690)
Finance costs	(3,630)
Impairment of goodwill	(1,606,448)
Total comprehensive income (loss) for the period	**(2,430,305)**

(b) Summary of movements in consolidated retained earnings

Retained earnings on acquisition	-
Total comprehensive income for the period	2,430,305
Retained earnings at the end of the period	**2,430,305**

(c) Condensed balance sheet

Current assets	
Cash and cash equivalents	9,245,539
Other financial assets	100,000
Trade and other receivables	35,263
Other current assets	172,179
Total current assets	**9,552,981**
Non-current assets	
Investments accounted for using equity method	1,300,000
Other financial assets – investments in non-closed group entities	2,010,067
Total non-current assets	**3,310,067**
TOTAL ASSETS	**12,863,048**
Current liabilities	
Trade and other payables	319,646
Borrowings	138,770
Provisions	280,855
Total current liabilities	**739,270**
TOTAL LIABILITIES	**739,270**
NET ASSETS	**12,123,778**
EQUITY	
Contributed equity	12,459,353
Reserves	2,094,730
Accumulated losses	(2,430,305)
TOTAL EQUITY	**12,123,778**

29. Interests in joint arrangements

The Group has the following significant interests in joint arrangements.

(a) Joint Arrangements
The Group has a 45 per cent equity shareholding in P.T. Sokoria Geothermal Indonesia with 50% voting power, a joint venture established in Indonesia with P.T. Bakrie Power, the Group's joint venture partner, to pursue the development of the Sokoria geothermal Project on the island of Flores in Indonesia.

Share of joint venture entity's assets and liabilities

	2016 $	2015 $
Non-current assets		
Exploration and evaluation expenditure	1,300,000	-
Net assets	1,300,000	-
Share of joint venture entity's revenue, expenses and results		
Revenue	-	-
Expenses	-	-
Profit/(loss) before tax	-	-
Share of exploration expenditure commitments	-	-

(b) Joint Operations
Dairi Prima Geothermal Project
The Group has a 51 per cent interest in the Dairi prima Geothermal Project, a joint operation with P.T. Bakrie power to jointly develop spare capacity of the Sibayak geothermal reserves in Northern Sumatra, Indonesia, to be supplied to the Dairi Prima mine. These projects were fully impaired prior to the reverse acquisition. The Group will look to divest its impaired projects moving forward.

30. Subsequent events

The following events have occurred subsequent to the end of the financial year but prior to the date of this report, the financial effects of which have not been reflected in this financial report for the year ended 30th June 2016:

- On 4th July 2016, Xped advised it had entered a licensing agreement with Telink Semiconductor
- On 4th July 2016, Xped advised it had completed the acquisition of JCT Healthcare Pty Ltd and Jackson Care Technologies, (JCT Group)
- On 8th July 2016, Xped advised JCT was beginning an IoT project for Disability SA.
- On 22nd July 2016, Xped advised it was attending a Microsoft Partner Conference to showcase its product registration system
- On 2nd August 2016, Xped announced it had entered into a binding conditional Sales and purchase agreement with KS Orka Renewables Pte Ltd to acquire Xped's stake in the Sokoria Geothermal Project.
- On 4th August 2016 Xped announced it expects to launch the Xped Device Browser App in Apple and Google Play stores in September. Xped also advised joint marketing efforts with Telink to look at opportunities in automotive accessories and smart home lighting markets.
- On 16th August Xped advised that KS Orka Renewables Pte Ltd had provided first tranche of funding to assist in advancing and fast tracking the Sokoria Geothermal project.
- On 7th September Xped announced the appointment of Mr Martin Despain as Managing Director, effective 19th September 2016.
- On 7th September 2016advised the appointment of Seneca Financial Services Pty Ltd as corporate advisors.
- On 20th September 2016 Xped signed a JV Agreement for China Expansion
- On 23th September 2016 Xped Released a Native Device Browser App

XPED LIMITED

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 Australian Accounting Standards and the Corporations Regulations 2001; and
(ii) giving a true and fair view of the group's financial position as at 30 June 2016 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date;

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a); and

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(d) At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 28 will be able to meet any obligation or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 28.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

____
Athan Lekkas
Director

Brisbane
29 September 2016

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

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Independent Auditor's Report to the Members of XPED Limited (formerly Raya Group Limited)

Report on the Financial Report

We have audited the accompanying financial report of XPED Limited (formerly Raya Group Limited), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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ACCOUNTANTS • AUDITORS • ADVISORS

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

a) the financial report of XPED Limited (formerly Raya Group Limited) is in accordance with the *Corporations Act 2001*, including:
   i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
   ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 13 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of XPED Limited (formerly Raya Group Limited) for the year ended 30 June 2016 complies with Section 300A of the *Corporations Act 2001*.

Pitcher Partners

PITCHER PARTNERS

NIGEL BATTERS
Partner

Brisbane, Queensland
29 September 2016

ASX Additional Information

Additional information required by the Australian Securities Exchange Ltd Listing Rules and not disclosed elsewhere in this report is as follows. This information is current as at 27 September 2016.

Twenty Largest Shareholders

Rank	Name of Holder	No. of ordinary shares held	Issued Capital %
1	JK GROUP AUSTRALIA PTY LTD <JK FAMILY A/C>	280,576,640	13.46%
2	ALANTICX TECHNOLOGIES PTY LTD <ALANTICX A/C>	225,465,400	10.82%
3	DALEXT PTY LTD <DALEXT UNIT A/C>	55,700,000	2.67%
4	MR JUSTIN LAURENCE BARRY	34,533,786	1.66%
5	SPARKE ENTERPRISES PTY LTD <SPARKE ENTERPRISES FAM A/C>	33,850,000	1.62%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	33,720,965	1.62%
7	BALDMONK PTY LTD	25,956,448	1.25%
8	CITICORP NOMINEES PTY LIMITED	24,705,931	1.19%
9	PHILLIP CARRIG	20,297,872	0.97%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,832,853	0.81%
11	MR G S COLLINS & MRS J A COLLINS <COLLINS SUPER FUND A/C>	15,659,708	0.75%
12	MR IVAN IVANOV	15,278,595	0.73%
13	MR MICHAEL PAUL PARTINGTON	14,789,443	0.71%
14	COMSEC NOMINEES PTY LIMITED	13,752,373	0.66%
15	MEDEK INVESTMENTS PTY LTD <MEDEK SUPER FUND A/C>	13,647,646	0.65%
16	MR CHARLES CASELLA	12,800,000	0.61%
17	JAY-V INC	10,000,000	0.48%
17	MISS LAN DAI	10,000,000	0.48%
18	PERSHING AUSTRALIA NOMINEES PTY LTD <ACCUM A/C>	8,799,755	0.42%
19	J P MORGAN NOMINEES AUSTRALIA LIMITED	8,106,584	0.39%
20	HEL RAY SUPERANNUATION PTY LTD <HEL RAY SUPER FUND A/C>	7,737,250	0.37%
	Totals	**882,211,249**	**42.32%**
	Total Issued Capital	**2,084,716,668**	**100.00%**

Substantial Shareholders

Substantial shareholders as advised to the company are set out below:

Name of Holder	No. of ordinary shares held	Issued Capital %
JK GROUP AUSTRALIA PTY LTD <JK FAMILY A/C>	280,576,640	13.46%
ALANTICX TECHNOLOGIES PTY LTD <ALANTICX A/C>	225,465,400	10.82%

Distribution of member holdings

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	697	262,885	0.01%
1,001 - 5,000	542	1,536,437	0.07%
5,001 - 10,000	573	4,727,905	0.23%
10,001 - 100,000	2,866	125,386,227	6.01%
100,001 - 9,999,999,999	1,921	1,952,803,214	93.68%
Totals	**6,599**	**2,084,716,668**	**100.00%**

The number of security investors holding less than a marketable parcel of securities is 1627 with a combined total of 4,587,227 securities.

Voting Rights

All shares carry one vote per share without restriction.

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