

ASX RELEASE // 30.10.17

Xped Limited



ASX:XPE

Quarterly Activities Report

Xped Limited (ASX: XPE) (“Xped” or “the Company”), an Internet of Things (“IoT”) technology company, today released its Quarterly Activities Report for the September quarter.

QUARTERLY HIGHLIGHTS

- **BOARD RESTRUCTURE AND CAPITAL INVESTMENT**
- **SMART HOME SOLUTION ADVANCES**
- **JCT HEALTHCARE CONTRACT SUCCESS**
- **LENZE IPARK AND TELINK UPDATES**
- **SIGNIFICANT COST REDUCTION STRATEGY IMPLEMENTED**

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BOARD RESTRUCTURE AND CAPITAL INVESTMENT

A Non-Executive Chairman, Peter Hunt, was appointed on September 4 2017. Mr Hunt is a chartered accountant and consultant with leading South Australian accounting and advisory firm, BDO Adelaide. In addition to his experience as a Board member of ASX listed entities, Mr Hunt has direct and broad experience within the aged care and healthcare industries.

Following his appointment, Xped undertook an organisational restructure to reduce expenditure and increase the efficiency of the Company's Board and Management.

Athan Lekkas resigned as CEO, with six months' notice, but will remain a Director. Martin Despain also resigned as Managing Director, effective from 1 December 2017 after which he will continue in a business development role. Dr Wenjun Sheng resigned as a Director but is continuing to work with Xped in a business development role actively promoting ADRC technologies. John Schultz tendered his resignation as Director and continues as Head of Projects and Device Development. Mr Chris Wood continues on the Board as Executive Director together with his role as Chief Technical Officer, accepting reduced remuneration.

Xped completed a placement of 250 million fully paid ordinary shares at an issue price of 1.2c per share to raise \$3 million during the quarter. The funds are being used as working capital for the Company including its Smart Home and Consumer IoT Solutions, Professional Healthcare Technology business, JCT Healthcare and its ADRC commercial and industrial IoT technology products.

The Company completed a Bonus Options Offer during the quarter. 149,285,289 Options were issued to existing shareholders, and a further 419,391,619 Options were issued to the Underwriter, Leadenhall Australia Pty Ltd. These Options were issued at \$0.001, have an exercise price of \$0.04 and expire on 18 January 2018.

The Company made two significant payments during the quarter which impacted its cash balance.

The Company repaid the aggregate face value of the outstanding convertible securities from Tranche 1A - including accrued interest - of \$1,081,666.

In July, the Company issued 25,773,196 fully paid ordinary shares and paid \$500,000 in cash in accordance with the JCT Group Acquisition Agreement, which was due 12 months from the date of acquisition.

Xped has forecast a tax return of approximately \$2.3m for the 2016/17 financial year.

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SMART HOME SOLUTION ADVANCES

During the quarter, Xped has continued to further develop and promote the Xped Smart Home Solution.

The Smart Home Solution consists of the Xped App, the Xped Infrastructure Platform (Cloud services), a Gateway device and a range of smart home devices. The Gateway device integrates the Xped patented Auto Discovery Remote Control (ADRC) software with Intel's SHDAP (also known as Homelake) software. The Xped Smart Home Solution can support multiple communication protocols including Wi-Fi, Bluetooth, Zigbee, Z-wave, and ADRC. This allows the Xped Smart Home Solution to support a wide range of devices.

This includes light bulbs, light switches, indoor cameras, outdoor cameras, smart power plugs, indoor and outdoor siren alarms, panic buttons, scene selectors, and a range of sensors. The sensor range includes door\window contact sensor, motion detector, gas detector, smoke detector, temperature sensor, and a water leak sensor. These devices are all accessible from the Xped App when used in conjunction with the Xped Gateway.

Business development has been primarily focussed on the promotion of the Smart Home Solution as a white-labeled or partner-branded solution.

During the quarter, Xped provided multiple demonstrations of the solution to potential partners. Based on feedback, the Company has been further enhancing the product to tailor the solution to suit specific requirements.

Xped has been putting significant business development effort into promoting the Smart Home Solution and entered into an agreement with Malaysian-based Eastool Solution during the quarter. Eastool provides local resources within Malaysia and surrounding regions to assist Xped with business development, local client technical support, and logistical support.

Utilising this agreement, Xped has provided a successful demonstration of its Smart Home Solution to a telecommunications provider based in the Asian region. This demonstration utilised the Xped App, white labeled for the customer, used to monitor and control several smart home devices. These included Philips Hue lights, door/window sensors, and an environmental sensor.

Subsequently, the Company deployed a smart home demonstration solution into the telecommunication company's showcase centre, and is working on deployment to demonstration homes for a local development.

This opportunity has taken longer than anticipated to provide a return, however the Company is confident of revenue from this venture to occur this financial year.

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Xped partnered with Solekai Systems to present the Xped Smart Home Solution at the CEDIA 2017 tradeshow, held in San Diego, USA, in September 2017. Xped demonstrated its Smart Home Solution, as well as the ADRC and DiscoverBus solutions. While no direct sales have eventuated from the attendance, several new business development opportunities were identified and are being pursued.

JCT HEALTHCARE

During the quarter, Xped's 100% owned subsidiary, JCT Healthcare, continued to generate revenue and was successful in winning several new contracts. The largest of these was a \$649,000 contract with Renewal SA - announced in July - for the supply, installation, and support of assistive technology services to approximately 30 properties.

JCT Healthcare's assistive technology solution will be utilised by people living with a disability. The technology will include monitoring and control of lights, door locks, air conditioning, shutters, blinds, power switches, temperature sensors and smoke detectors. The solution will be integrated with front door cameras and intercoms. JCT Healthcare's cloud-based NuCams software and next-generation mobile App are also part of the solution. Delivery of this project is expected in the first half of 2018.

Xped has invested significantly in the development of JCT Healthcare technologies since acquisition and continues to invest further in technologies that enhance its solution offering. A range of technologies are currently under development. These include a beacon based patient tracking solution, a fall detection solution, and carer and resident mobile applications. The JCT Healthcare assistive technology solution offers a professional "smart health" solution that can be implemented in both new buildings as well as retro-fitted to existing dwellings. The solution provides independence to the tenant and their family, while still allowing the support worker to provide the care required.

JCT Healthcare is focused on the delivery of Nurse Call Systems with three unique product solutions, each designed to meet the functional and budgetary requirements of all healthcare verticals.

They are:

Wireless 1000 - a site-wide fully supervised radio system that can either be used as a complementary system to the hardwired Digi3000 and PoE4000 Nurse Call Systems or used by itself as a Radio Nurse Call System. The radio transmitters include Fall Sensors, Wrist Transmitters, and Radio Call Points.

Digi 3000 provides customers with a low cost, highly featured Nurse Call System that can be used either on existing wiring or a structured cabling system.

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PoE 4000 which is a fully IP Nurse Call System powered through PoE switches. The system is unique in that each and every device has its own IP address.

Each solution utilises JCT's NuCAMs web messaging system, which can also be sold separately as a critical messaging solution providing high-level integration of many healthcare communication systems.

JCT Healthcare's web-based messaging software, **NuCaMS** - together with Xped's Global Server Software - allows for up to 300 individual facilities to be connected and managed through one portal. This is a great benefit to larger organisations that want central management of their critical care functions and assets.

Following an extensive recruitment process, a new GM Business Development was recently appointed. This Sydney-based role is responsible for growing JCT Healthcare sales nationally through both direct sales and the existing channel partner and reseller networks. Australia's eastern states are the largest market for healthcare technology in Australia, and the Board strongly believed that establishing a robust local business development presence will accelerate an increase in revenues from this region.

JCT Healthcare's revenue reported for the quarter ending 30 September was \$80,645

LENZE IPARK

Xped has completed the iPark App development requirements of Lenze, and has been informed by Shenzhen Lenze Technology Co ("Lenze") that it is currently producing production devices.

During the September quarter, Lenze released a small batch of sample iPark App compatible devices to the market. Xped identified 10,000 trial App downloads within a couple of days of release.

The iPark App was developed by Xped for Lenze earlier this year. Lenze will pay Xped a license fee based on a per "active" download of Lenze or Lenze customer branded versions of the Xped App from either Google Play or Apple app stores. A download is considered "active" when it is first registered and then used to interact with a Lenze or Lenze customer hardware device. Xped will receive monthly payments based on negotiated licensing fees.

The iPark App - when connected to the Lenze new Smart lead - will automatically record the parking location of the car and guide people to find their car. When the person has parked their car, the App will record the location using GPS, or prompt the person to mark their location on a map if GPS is not available/functioning. The person can also optionally record the car park number or level, take a photo of their parking location, and even record how much time they have paid for (eg. at a parking meter).

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When their parking time limit is due to expire, the person will receive a reminder on their phone to return to their car, and a map to show them how to get there, with an estimate of the distance to walk.

The person can locate their car at any time using the “Take Me To My Car” function. The map navigation will guide the person t back to their car.

The iPark App is a demonstration of the application development capabilities of Xped to rapidly produce a quality solution for volume manufacturers.

COST REDUCTION

Xped continues to review cost-saving opportunities across the entire business. During the quarter, it implemented changes to reduce the ongoing expenditure of contractors and consultants.

As part of this, the Company reached agreement with Cadmon Advisory Pty Ltd (“Cadmon”) to cease retainer payments for the remainder of the General Corporate Advisory Mandate. Cadmon will continue to provide corporate advisory services until 28 February 2018 at no additional cost.

The Board is focussed on addressing further cost saving initiatives and identifying products and opportunities that can be prioritised to generate income in the short term.

TELINK

During the quarter, the Company continued development of ADRC to incorporate the BLE (Bluetooth Low Energy) pairing capabilities to meet Telink customer needs.

Once completed, Dr Wenjun Sheng will promote the Xped Infrastructure Platform (RML, APP, Gateway software and Cloud Services) to companies utilising Telink Chipsets.

ADRC UPDATE

During the quarter, Xped continued development of its ADRC and DiscoverBus devices. A range of smart devices are under development, with final stages of prototyping, design and tooling underway. As they become production ready, the ADRC products will complement the Xped Smart Home Solution and will be offered as part of the smart building solution offering.

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LEGACY PROJECTS

SOKORIA GEOTHERMAL PROJECT

Updates will be provided further to the market once Orka indicates its notice of intent to develop its full project, at which time Xped will receive due payment up to USD\$947,368 via payment commitment agreement between the parties.

AUSTRALIAN GEOTHERMAL PROJECTS

Xped retains tenements in the South East of Australia relating to legacy business operations. These tenements require rehabilitation so that the tenements can be surrendered to the SA Government.

During the quarter, approval was granted to surrender GEL 611 effective from 15 July 2017. As such, no further works are required by Xped.

Xped remediation and rehabilitation works continue to be undertaken on GEL 223. While this work is complex in nature and subject to potential delays, Xped expects all works to be completed during the 17/18 financial year. Xped has allocated 650k to complete these remediation works. A \$100,000 bond will be returned to Xped once all tenements are surrendered.

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FINANCE AND ADMINISTRATION

CASH HOLDINGS

At the end of the quarter, the Company's cash position stood at approximately \$5.312 million.

EQUITY HOLDINGS

Nil

HSEC

During the quarter under review, there were no reportable incidents relating to health, safety or community-related matters.

SHAREHOLDINGS

As at the date of this report, the following table represents the total equity instruments on issue in Xped Limited:

Equity Category	Details	Number on Issue
Listed Ordinary Shares	ASX : XPE	1,233,272,419
Unlisted Ordinary Shares (Subject to ASX escrow)		248,540,855
Listed Options	ASX: XPEOC \$0.10 Expiring 31/12/2018	127,254,564
Listed Options	ASX: XPEOD \$0.04 Expiring 18/01/2018	593,676,908
Unlisted Options	Strike Prices from \$0.14 to \$0.26 Expiring 18/1/18	15,000,000

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ABOUT XPED

Xped is an Australian Internet of Things (“IoT”) technology business. Xped has developed revolutionary and patent-protected technology that allows any consumer, regardless of their technical capability, to connect, monitor and control devices and appliances found in our everyday environment. Xped provides technology solutions for Smart Home, Smart Building, and Healthcare.

At Xped, we’re **Making Technology Easy Again™**

FOR MORE INFORMATION:



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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Xped Limited

ABN

89 122 203 196

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	83	83
1.2 Payments for		
(a) research and development	(670)	(670)
(b) products manufacturing and operating costs	(265)	(265)
(c) advertising and marketing	(79)	(79)
(d) leased assets	-	-
(e) staff costs	(987)	(987)
(f) administration and corporate costs	(1,223)	(1,223)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	(100)	(100)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other - patents & trademark costs	(66)	(66)
- rehabilitation costs	(278)	(278)
1.9 Net cash from / (used in) operating activities	(3,578)	(3,578)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(14)	(14)
(b) businesses (see item 10)	(500)	(500)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (cash in acquired business)	-	-
2.6 Net cash from / (used in) investing activities	(514)	(514)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	3,552	3,552
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(215)	(215)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(1,057)	(1,057)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (loans)	-	-
3.10 Net cash from / (used in) financing activities	2,280	2,280

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	7,124	7,124
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,578)	(3,578)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(514)	(514)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,280	2,280

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	5,312	5,312

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,422	6,234
5.2	Call deposits	890	890
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,312	7,124

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000

512

-

Consulting and directors fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000

-

-


8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	250
9.2 Product manufacturing and operating costs	200
9.3 Advertising and marketing	60
9.4 Leased assets	-
9.5 Staff costs	1,100
9.6 Administration and corporate costs	400
9.7 Other - Rehabilitation costs	100
9.8 Total estimated cash outflows	2,110

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	JCT Healthcare Pty Ltd and Jackson Care Technologies Pty Ltd (100%)	
10.2 Place of incorporation or registration	South Australia	
10.3 Consideration for acquisition or disposal	\$500,000	
10.4 Total net assets	-	
10.5 Nature of business	Healthcare technology	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 30 October 2017
Company secretary

Print name: Julie Edwards

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.