

# Xped Limited



## Appendix 4D Half Year Report ended 31 December 2016

### Results for announcement to the market

	<i>Movement</i>			\$ 31 December 2016	\$ 31 December 2015
Revenue from ordinary activities	<i>up</i>	<i>1,134%</i>	<i>to</i>	591,017	521
Loss from ordinary activities after tax attributable to members	<i>up</i>	<i>706%</i>	<i>to</i>	(3,920,747)	(486,465)
Net Loss for the period attributable up to members	<i>up</i>	<i>706%</i>	<i>to</i>	(3,920,747)	(486,465)
<b>Earnings per Security (cents per share)</b>					
Basic (loss) per share				(.19)	(0.48)
<b>Net Tangible Asset Backing</b>					
Per ordinary Security (cents per share)				0.12	(15.6)

#### **Dividends Payable**

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

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

On 4 July 2016 Xped Limited acquired 100% of the issued shares in JCT Healthcare Pty Ltd and Jackson Care Technologies Pty Ltd (JCT), providers of communication solutions to the Healthcare sector with products that are tailored for Hospitals, Aged Care, Independent Living and Disability Care for consideration of \$3,789,944.

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

Nil.

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

Nil.

# Xped Limited

ABN 89 122 203 196



ASX:XPE

## **Interim Financial Report for the half financial year ended 31 December 2016**

**Xped Limited** ABN 89 122 203 196

## Interim Financial Report – Half-Year Ended 31 December 2016

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This interim financial report does not include all of the notes and other disclosure information of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the financial year ended 30 June 2016 and any public announcements made by Xped Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## Directors' Report

The directors present their report on the consolidated entity consisting of Xped Limited (the "company" or "Xped") and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

### Directors

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

Mr Athan Lekkas	Chairman and Chief Executive Officer
Mr Martin Despain	Managing Director (appointed 19 September 2016)
Mr John Schultz	Executive Director
Mr Christopher Wood	Executive Director
Dr Wenjun Sheng	Non-executive Director
Ms Lisa Zhang	Executive Director (resigned 16 August 2016)

### Company Secretary

Mrs Julie Edwards

### Dividends

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

### Review and Results of Operations

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

Xped is an Australian-based technology company focused on the Internet of Things (IoT) and primarily developing Auto Discovery Remote Control (ADRC) technology.

## **HIGHLIGHTS OF THE HALF YEAR**

### *Board Restructure / Funding / Corporate*

- On July 4th the Sale and Purchase Agreement (SPA) of JCT Healthcare Pty Ltd and Jackson Care Technologies Pty Ltd was completed. Xped acquired 100% of the issued capital and in consideration made initial cash payment of \$750,000.
- On July 4th completed licensing agreement with Telink Semiconductor. Xped to receive a licensing fee of 17.95% per chipset sold containing ADRC technology.
- On July 8th announced JCT to begin IoT project for Disability SA. Xped to provide ADRC technology to project.
- On 31st August announced Xped had joined Open Connectivity Forum (OCF).
- On 5th September made a \$250,000 cash payment to JCT vendor in lieu of issuing \$250,000 of XPE Shares under SPA terms.
- On 7th September Seneca Financial Services Pty Ltd appointed as Corporate Advisors. Agreements with Otsana Capital, EAS Advisors and KTM Capital were ceased.
- On 8th September announced patent granted for PING in Australia and ADRC in Korea.
- On 19 September Martin Despain commenced as Managing Director and joined the board.
- On 20th September Xped announces JV with Complex Semiconductor, with new entities to be created in China and Hong Kong. Dr. Wenjun Sheng to be appointed to oversee operations.
- On 23rd September Xped releases Native Device Browser App to Google Play store.
- On the 26th September Xped demonstrates Xerts and ADRC to Microsoft Partner Conference in Singapore.
- On the 4th October Xped launches new corporate website, allowing shareholders to subscribe to Company announcements.
- On the 12th October Xped receives Platinum membership of Open Connectivity Forum (OCF).

## Directors' Report (continued)

- On the 26th October 150,000,000 performance shares issued to JK Group Australia Pty Ltd and Alantixx Technologies Pty Ltd were cancelled as per ASX granting waiver of ASX Listing rule 9.7.
- On the 31st October Investor Roadshow presentations were held.
- On the 16th November announced secured up to \$10m convertible note funding.
- On the 16th November Xped Native Device Browser App now available in Apple App Store.
- On the 16th November patent for ADRC granted in Chile.
- On the 18th November ADRC porting of two chipsets complete. Telink still in progress.
- On the 30th November the Annual General Meeting was held and all resolutions were passed in favour.
- On the 12th December the Company delivered it's first production samples of ADRC devices using ST Microelectronics processors to Vital Xense and introduced Discoverbus which is a wired implementation of ADRC.
- On the 15th December Xped App plugin developed to connect and control iCharger Bluetooth device. iCharger device enables music stored on a smartphone to be played back on a standard FM radio.
- On the 16th December announced ADRC is now available on ST Microelectronics STM32 Microcontrollers.
- On the 16th December 2016 the Company lodged its Prospectus Offer to raise up to \$7.5m at an issue price of \$0.033 per share with 1:1 5c attaching December 2018 option.
- 22nd December Xped announced ADRC would be integrated into Intel Smart Home Platform (Homelake).

The consolidated entity realised a loss after tax for the half-year of \$3,920,747 (HY 31 Dec 15: loss of \$486,465).

### Indonesian Project:

#### **Sokoria Geothermal 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

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

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

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

## Directors' Report (continued)

### Events Occurring After Balance Sheet Date

- On the 12th January 2017 a Memorandum of Understanding signed with Arcadyan for licensing of Xped ADRC technologies.
- On 16th January 2017 KS Orka completed acquisition of Sokoria Geothermal Project. Under the terms of the SPA Xped will receive the nominal amount of \$1 USD. An additional payment of up to \$947,368 USD will be payable within 30 days of KS Orka issuing notification of intent to develop the project.
- On 24th January a license agreement was signed with Shenzhen Lenze Technology Co. LTD. To license ADRC in return for a fee payable per active download. In addition to licensing technology Xped will develop Apps for Lenze.
- On 25th January 2017 Xped advised that the SPP had raised \$3,118,800 resulting in 94,508,940 fully paid ordinary shares being issued at \$0.033 each and 94,508,940 options issued at \$0.05 each expiring on 31 December 2018. The Company announced it will seek to place the Shortfall Share Offer of \$4,381,200.
- On 31st January Customer presentation was released to Market. Subsequent supplementary presentation was released 1<sup>st</sup> February.
- On 6th February MoU was signed with Solekai Systems for licensing of Xped ADRC technologies.
- On 3<sup>rd</sup> January and 13th February Tranches 1A and 1B of the convertible notes were drawn down. Part of Tranche 1A was converted to 34,004,825 shares at a value of \$1,1250,500. Xped has advised the convertible note holder that it will not pursue draw downs on tranches 2 and 3 and as such facility is cancelled.
- On 15th February announced porting of Telink is set for completion on 31 March 2017.
- On 17th February announced Xped had been invited to Embedded World in Germany by ST Microelectronics.
- On 22nd February announced that a licensing agreement was signed with Solekai Systems for licensing of ADRC technologies and Xped to provide application development.

## Directors' Report (continued)

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

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



**Mr Athan Lekkas**  
Director

Melbourne, Victoria  
28 February 2017



**PITCHER PARTNERS**

ACCOUNTANTS • AUDITORS • ADVISORS

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WARWICK FACE  
NIGEL BATTERS  
COLE WILKINSON  
SIMON CHUN

## Auditor's Independence Declaration

### To the Directors of Xped Limited.

In relation to the independent auditor's review for the half-year ended 31 December 2016, to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of Xped Limited and the entities it controlled during the period.

PITCHER PARTNERS

NIGEL BATTERS  
Partner

Brisbane, Queensland  
28 February 2017



## Consolidated Statement of Comprehensive Income

	Notes	Half-Year	
		2016	2015* Unreviewed
		\$	\$
<b>Revenue and other income from continuing operations</b>	3	591,017	521
Employee and contracting expenses		(338,718)	(200,513)
Finance costs		(25,717)	(1,359)
Directors fees		(858,035)	-
Consulting and advisory fees		(1,179,358)	(10,315)
Occupancy costs		(95,726)	(20,983)
Travel		(384,299)	(12,495)
Marketing and promotion		(128,383)	(7,587)
Professional and legal fees		(523,141)	(89,022)
Materials and consumables used		(246,488)	(25,207)
Patents and Trademarks		(3,554)	(81,935)
Depreciation		(179,088)	-
Exploration rehabilitation costs		(270,000)	-
Other expenses		(234,114)	(21,315)
Foreign currency losses		(38,958)	-
Related party loans forgiven		-	(16,255)
Loss on sale of assets		(6,185)	-
<b>Loss before income tax</b>		<b>(3,920,747)</b>	<b>(486,465)</b>
Income tax expense		-	-
<b>Loss for the half-year</b>		<b>(3,920,747)</b>	<b>(486,465)</b>
Other comprehensive income		-	-
<b>Other comprehensive income for the half-year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the half-year</b>		<b>(3,920,747)</b>	<b>(486,465)</b>
Loss attributable to:			
Owners of the parent		(3,920,747)	(486,465)
Non-controlling interests		-	-
		<b>(3,920,747)</b>	<b>(486,465)</b>
Total comprehensive income attributable to:			
Owners of the parent		(3,920,747)	(486,465)
Non-controlling interests		-	-
		<b>(3,920,747)</b>	<b>(486,465)</b>
<b>Earnings per share for loss attributable to the shareholders of the company</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted (loss) per share		(0.19)	(0.48)

\* Unreviewed figures of Xped Holdings Ltd and its controlled entities as at December 2015 as the deemed acquirer in reverse acquisition.

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

## Consolidated Statement of Financial Position

	31 December 2016	30 June 2016
Notes	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	5,521,969	8,846,362
Trade and other receivables	277,027	102,745
Other financial assets	240,000	750,000
Other assets	394,345	180,409
Inventory	1,109,359	-
<b>Total current assets</b>	<b>7,542,700</b>	<b>9,879,516</b>
<b>Non-current assets</b>		
Plant and equipment	513,436	607,482
Intangible assets	6,847,200	59,226
Investments accounted for using the equity method	1,300,000	1,300,000
<b>Total non-current assets</b>	<b>8,660,636</b>	<b>1,966,708</b>
<b>TOTAL ASSETS</b>	<b>16,203,336</b>	<b>11,846,224</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	3,564,904	653,300
Borrowings	528,527	421,495
Provisions	649,511	300,630
<b>Total current liabilities</b>	<b>4,742,942</b>	<b>1,375,425</b>
<b>Non-current liabilities</b>		
Other payables	929,722	-
Borrowings	149,805	295,465
Provisions	77,298	14,996
Deferred Tax Liability	999,710	-
<b>Total non-current liabilities</b>	<b>2,156,535</b>	<b>310,461</b>
<b>TOTAL LIABILITIES</b>	<b>6,899,476</b>	<b>1,685,886</b>
<b>NET ASSETS</b>	<b>9,303,859</b>	<b>10,160,338</b>
<b>EQUITY</b>		
Contributed equity	16,186,354	13,395,086
Reserves	2,363,000	2,094,730
Accumulated losses	(9,245,495)	(5,329,478)
<b>TOTAL EQUITY</b>	<b>9,303,859</b>	<b>10,160,338</b>

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

## Consolidated Statement of Changes in Equity

	Contributed Equity \$	Share-Based Payments Reserve \$	Accumulated Losses \$	Total \$
<b>2016</b>				
<b>Balance at 1 July 2016</b>	<b>13,395,086</b>	<b>2,094,730</b>	<b>(5,329,478)</b>	<b>10,160,338</b>
Loss for the half-year	-	-	(3,920,747)	(3,920,747)
Total comprehensive income for the half-year	-	-	(3,920,747)	(3,920,747)
<b>Transactions with equity holders in their capacity as equity holders</b>				
Shares issued during the half-year	2,725,037	-	-	2,725,037
Cost of share issue	(333,769)	-	-	(333,769)
Fair value of ordinary shares issued as consideration	400,000	-	-	400,000
Fair value of Options issued as consideration	-	273,000	-	273,000
Expiry of employee share based payments	-	(4,730)	4,730	-
<b>Balance at 31 December 2016</b>	<b>16,186,354</b>	<b>2,363,000</b>	<b>(9,245,495)</b>	<b>9,303,859</b>
<b>2015 - unreviewed</b>				
<b>Balance at 1 July 2015</b>	<b>645,800</b>	<b>-</b>	<b>(2,242,654)</b>	<b>(1,596,854)</b>
Loss for the half-year	-	-	(486,465)	(486,465)
Total comprehensive income for the half-year	-	-	(486,465)	(486,465)
<b>Balance at 31 December 2015</b>	<b>645,800</b>	<b>-</b>	<b>(2,729,119)</b>	<b>(2,083,319)</b>

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

## Consolidated Statement of Cash Flows

	Half-year	
	2016	2015
	\$	Unreviewed \$
<b>Cash flows from operating activities</b>		
Customer receipts	153,401	82,277
Interest received	45,038	64
Interest paid	(25,717)	(1,359)
R&D tax concession received	64,511	-
Payments to suppliers and employees	(3,881,947)	(195,211)
Income tax paid	(401,729)	-
<b>Net cash outflows from operating activities</b>	<b>(4,406,443)</b>	<b>(114,229)</b>
<b>Cash flows from investing activities</b>		
Payments for development costs	(1,451,967)	-
Payments for plant and equipment	(60,005)	-
Proceeds from sale of plant and equipment	69,436	(1,444)
Payments for term deposits	510,000	-
Payment for acquisition of subsidiary net cash acquired	(616,800)	-
<b>Net cash inflows / (outflows) from investing activities</b>	<b>(1,549,336)</b>	<b>(1,444)</b>
<b>Cash flows from financing activities</b>		
Loans from related entities	-	327,486
Loans to related entities	-	(11,988)
Repayment of finance lease and loans	(337,648)	-
Issue of shares	2,725,038	-
Share issue costs	(116,004)	-
<b>Net cash inflows from financing activities</b>	<b>2,271,386</b>	<b>315,497</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,324,393)</b>	<b>199,824</b>
Cash and cash equivalents at the beginning of the half-year	8,846,362	(24,991)
<b>Cash and cash equivalents at the end of the half-year</b>	<b>5,521,969</b>	<b>174,833</b>

- The consolidated entity classifies term deposits with maturity dates greater than 3 months as Other financial assets. As at 31 December 2016, the consolidated entity held, in addition to the cash and cash equivalents above, \$240,000 (June 2016:\$750,000) in term deposits.

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

## Notes to the Financial Statements

### 1 Significant Accounting Policies

#### (a) Basis of preparation

These general purpose condensed financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard AASB134 *Interim Financial Reporting*. The Group is a for-profit entity for the purpose of preparing the financial statements. This interim financial report is intended to provide users with an update of the latest half-year financial statements of Xped Limited and its controlled entities (the Group). As such, it does not contain all notes of the type normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial report of the Group for the year ended 30 June 2016, together with any public announcements made during the half-year. The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. There was no material impact on the financial report as a result of the adoption of these standards.

#### (b) Ongoing operations

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

#### (c) Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial / Directors Reports) Instrument 2016/191, the amounts in the Directors Report and in the Financial Report have been rounded to the nearest dollar.

#### (d) Fair values

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

### 2 Operating Segments

#### Identification of reportable segments

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

The Group is managed primarily on an activities basis, operating segments are therefore determined on the same basis. Technology development was the only operating segment in the half-year ending 31 December 2016.

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

##### Healthcare

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

##### 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:

## 2 Operating Segments (continued)

- (i) Sokoria Geothermal Project, under a Joint Venture with PT Bakrie Power, for a 30 MW geothermal development on Flores Island, Indonesia, with Xped holding a 45% interest in the project. On the 2nd August 2016, 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.
- (ii) 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.
- (iii) 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:

- (iv) 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.

### 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 operating 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 \$	Healthcare \$	Corporate \$	Total \$
Sales	85	-	488,821	-	488,906
Interest	-	-	-	37,600	37,600
R & D Tax Concessions	-	-	-	64,511	64,511
Total segment revenue	85	-	488,821	102,111	591,017
Employee & contractor expenses	(191,463)	-	(147,255)	-	(338,718)
Finance costs	(13,585)	-	(7,672)	(4,460)	(25,717)
Directors fees	(855,035)	-	-	(3,000)	(858,035)
Consulting and advisory	(382,005)	-	(2,850)	(794,503)	(1,179,358)
Occupancy costs	(46,427)	-	(44,237)	(5,062)	(95,726)
Travel	(332,192)	-	(51,953)	(154)	(384,299)
Marketing and advertising	(110,760)	-	(17,623)	-	(128,383)
Professional and legal fees	(436,493)	-	(53,599)	(33,049)	(523,141)
Materials and consumables	(52,175)	(72,508)	(121,805)	-	(246,488)
Patent and trademarks	(3,554)	-	-	-	(3,554)
Depreciation	(149,366)	-	(29,722)	-	(179,088)
Exploration rehabilitation costs	-	(270,000)	-	-	(270,000)
Other expenses	(77,938)	-	1,551	(157,727)	(234,114)

Foreign currency losses	-	-	(38,958)	-	(38,958)
Loss on sale of assets	-	-	(6,185)	-	(6,185)
<b>Loss before tax</b>	<b>(2,650,908)</b>	<b>(342,508)</b>	<b>(31,487)</b>	<b>(895,844)</b>	<b>(3,920,747)</b>

No prior period comparative is presented because no segments other than Technology Development are included in the consolidated result.

**(ii) Segment assets and liabilities**

31 December 2016	Technology Development	Geothermal Projects	Healthcare	Corporate	Eliminations	Total
	\$	\$	\$	\$	\$	\$
Assets	3,055,001	1,300,241	7,629,354	13,937,012	(9,718,272)	16,203,336
Liabilities	(7,669,234)	(1,850,240)	(3,870,897)	(3,227,377)	9,718,272	(6,899,476)

30 June 2016	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)

	Half-year 2016 \$	2015 \$ Unreviewed
<b>3 Revenue and Other Income from continuing operations</b>		
Sales	488,906	457
Interest	37,600	64
R&D tax concession	64,511	-
	<u>591,017</u>	<u>521</u>

**4 Non-current Assets – Other Receivables**

	31 December 2016 \$	30 June 2016 \$
Prepayments	139,577	180,409
Income tax assets	254,768	-
	<u>394,345</u>	<u>180,409</u>

**5 Investment accounted for using the equity method**

Interest in joint venture entity	<u>1,300,000</u>	<u>1,300,000</u>
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The Group has a 45% 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.

On the 2nd August 2016, 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.

	<b>31 December 2016</b>	<b>30 June 2016</b>
	\$	\$

## 6 Trade and other payables

### Current

Trade payables	796,882	796,882
Accruals	162,470	276,642
Other payables	405,552	31,204
JCT Acquisition consideration payable	2,200,000	-
<b>Total trade and other payables</b>	<b>3,564,904</b>	<b>653,300</b>

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

### Non-current

JCT Acquisition consideration payable	929,722	-
<b>Total trade and other payables</b>	<b>929,722</b>	<b>-</b>

## 7 Contributed Equity

### (a) Issued Capital

Ordinary shares – fully paid	16,186,354	13,395,086
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	Half-year 2016		Half-year 2015	
	Number of Shares	\$	Number of Shares	\$
Balance at the start of the half-year	1,885,488,158	13,395,086	101,267,673	645,800
Issue of shares on exercise of options (a)	189,228,510	2,725,037	-	-
Issue of shares (b)	10,000,000	400,000	-	-
Issue costs	-	(333,769)		
<b>Balance at the end of the half-year</b>	<b>2,084,716,668</b>	<b>16,186,354</b>	<b>101,267,673</b>	<b>645,800</b>

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

(b) Fair value of 10,000,000 shares issued to KTM Capital for termination of mandate on 7 September 2016.

### (b) Share options

	<b>31 December 2016</b>	<b>30 June 2016</b>
	Number	Number
Employee options (a)	-	1,100,000
Unlisted Options (b)	30,000,000	30,000,000
Listed options (ASX: XPEOB) (c)	-	189,228,510
Management performance shares Class A (d)	50,000,000	50,000,000
Management performance shares Class B (d)	50,000,000	50,000,000
Management performance shares Class C (d)	50,000,000	50,000,000
Options issues (e)	30,000,000	-
<b>Balance at the end of the period</b>	<b>210,000,000</b>	<b>370,328,510</b>



- (a) Options, issued prior to reverse takeover, to past employees of Xped Limited with strike prices between \$0.75 to \$1.50, expired 15 December 2016.
- (b) Options issued to EAS Advisors LLC for services provided, as approved by the Xped Limited shareholders.
- (c) Listed options (ASX: XPEOB) were exercised at an exercise price of \$.015.
- (d) 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.
- (e) Options issued to Seneca Financial Services for corporate advisory services on 7 September 2016, exercise price of \$0.05, expiry 17 September 2017.

## 8 Contingent Liabilities

Xped did not have any contingent liabilities as at 31 December 2016.

## 9 Commitments

### Provision for restoration, rehabilitation and environmental expenditure

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

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

	<b>31 December 2016</b>	<b>30 June 2016</b>
Within one year	550,000	280,000
Later than one year but not later than five years	-	-
Later than five years	-	-
	550,000	280,000

## 10 Related Party Transactions

During the period, Electro Cad Australia Pty Ltd, an entity controlled by John Schultz, provided supplies and services to Xped Limited of \$117,787 (December 2015: \$70,212) has been incurred during the period in relation to these services.

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

## 11 Business Combination

On 4 July 2016 Xped Limited acquired 100% of the issued shares in JCT Healthcare Pty Ltd and Jackson Care Technologies Pty Ltd (JCT), providers of communication solutions to the Healthcare sector with products that are tailored for Hospitals, Aged Care, Independent Living and Disability Care for consideration of \$3,789,944.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	<b>Acquisition date</b> \$
<b>Purchase consideration</b>	
Cash paid or payable	1,360,237
Contingent consideration 12 months from completion (milestone 1)	1,500,000
Contingent consideration 18 months from completion (milestone 2)	476,192*
Contingent consideration 24 months from completion (milestone 3)	453,515*
	<b>3,789,944</b>

\*5% discount rate applied to account for the time value of consideration

**The assets and liabilities recognised as a result of the acquisition are as follows:**

Cash and cash equivalents	43,422
Trade and other receivables	220,027
Financial assets	3,151
Inventory	381,884
Prepayments	22,603
Intangibles	3,332,368
Plant and equipment	100,659
Trade and other payables	(380,072)
Income in advance	(407,856)
Provisions	(85,542)
Current tax liabilities	(147,001)
Borrowings	(299,020)
Deferred tax liabilities	(999,710)
	<b>1,784,913</b>
<b>Net identifiable assets acquired</b>	
<b>Goodwill</b>	<b>2,005,031</b>
	<b>3,789,944</b>

The goodwill is attributed to JCT's future earnings potential.

Line provision accounting has been applied for the half year ending 31 December 2016.

### Deferred consideration

\$1,000,000 worth of XPE Shares are to be issued 12 months from the date of the acquisition, subject to Eddie Jackson remaining engaged by the Company at that time. The issue price of the shares will be the 20 day VWAP prior to completion.

### Contingent consideration

Additionally there are some 37,500,000 performance based shares to be issued (**performance shares**). It is noted that the performance milestones for JCT is defined by 3 separate and distinct events as noted below.

#### Milestone 1:

12,500,000 performance based shares in Xped. The milestone to be met is when JCT generates \$3m of revenue and recoverable work in progress within 12 months from 5 July 2016 and has a gross profit margin of minimum 50% for that period. At the time the above milestones are satisfied, the Vendor may elect to either: (a) convert all of the Milestone 1 Performance Shares into Xped fully paid ordinary shares (Xped Shares) on a one (1) for one (1) basis; or (b) receive a cash payment of \$500,000 from Xped within 10 business days of its election, in which case, all of the Milestone 1 Performance Shares will be converted into one Xped Share.

**Milestone 2:**

12,500,000 performance based shares in Xped. The milestone to be met is when JCT generates \$6m of revenue and recoverable work in progress within 18 months from 5 July 2016 and has a gross profit margin of minimum 50% for that period. At the time the above milestones are satisfied, the vendor may elect to either: (a) convert all of the Milestone 2 Performance Shares into Xped fully paid ordinary shares (Xped Shares) on a one (1) for one (1) basis; or (b) receive a cash payment of \$500,000 from Xped within 10 business days of its election, in which case, all of the Milestone 2 Performance Shares will be converted into one Xped Share.

**Milestone 3:**

12,500,000 performance based shares in Xped. The milestone to be met is when JCT generates \$12m of revenue and recoverable work in progress within 24 months from 5 July 2016 and Xped Care has a gross profit margin of minimum 50% for that period. At the time the above milestones are satisfied, the Vendor may elect to either: (a) convert all of the Milestone 3 Performance Shares into Xped fully paid ordinary shares (Xped Shares) on a one (1) for one (1) basis; or (b) receive a cash payment of \$500,000 from Xped within 10 business days of its election, in which case, all of the Milestone 3 Performance Shares will be converted into one Xped Share. If all three (3) Milestones are achieved the former shareholder of JCT will receive a total of \$ 1.5m in Xped shares based on an issue price of 4 cents per share or \$1.5m in cash.

## 12 Events Occurring After Balance Sheet Date

- On the 12th January 2017 a Memorandum of Understanding signed with Arcadyan for licensing of Xped ADRC technologies.
- On 16th January 2017 KS Orka completed acquisition of Sokoria Geothermal Project. Under the terms of the SPA Xped will receive the nominal amount of \$1 USD. An additional payment of up to \$947,368 USD will be payable within 30 days of KS Orka issuing notification of intent to develop the project.
- On 24th January a license agreement was signed with Shenzhen Lenze Technology Co. LTD. To license ADRC in return for a fee payable per active download. In addition to licensing technology Xped will develop Apps for Lenze.
- On 25th January 2017 Xped advised that the SPP had raised \$3,118,800 resulting in 94,508,940 fully paid ordinary shares being issued at \$0.033 each and 94,508,940 options issued at \$0.05 each expiring on 31 December 2018. The Company announced it will seek to place the Shortfall Share Offer of \$4,381,200.
- On 31st January Customer presentation was released to Market. Subsequent supplementary presentation was released 1<sup>st</sup> February.
- On 6th February MoU was signed with Solekai Systems for licensing of Xped ADRC technologies.
- On 3<sup>rd</sup> January and 13th February Tranches 1A and 1B of the convertible notes were drawn down. Part of Tranche 1A was converted to 34,004,825 shares at a value of \$1,1250,500. Xped has advised the convertible note holder that it will not pursue draw downs on tranches 2 and 3 and as such facility is cancelled.
- On 15th February announced porting of Telink is set for completion on 31 March 2017.
- On 17th February announced Xped had been invited to Embedded World in Germany by ST Microelectronics.
- On 22nd February announced that a licensing agreement was signed with Solekai Systems for licensing of ADRC technologies and Xped to provide application development.

## Directors' Declaration

In the directors' opinion:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



**Mr Athan Lekkas**  
Director

**28 February 2017**



**PITCHER PARTNERS**

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SIMON CHUN

## Independent Auditor's Review Report

To the Members of Xped Limited,

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Xped Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half-year.

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

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Xped Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

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

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Xped Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### *Other Matter*

On 23 March 2016 Xped Limited completed the legal acquisition of Xped Holdings Limited and its controlled subsidiaries. As disclosed in note 1(b) of the annual financial report for the year ended 30 June 2016, the acquisition has been accounted for as a reverse acquisition by which Xped Holdings Limited acquired the business including the net assets of Xped Limited. Accordingly the financial statements have been prepared as a continuation of the business and operations of Xped Holdings Limited. The comparative information included for the 6 months ended 31 December 2015 in the interim financial statements is that of Xped Holdings Limited. Xped Holdings Limited was not required to prepare or lodge a reviewed half-year financial report for the half-year ended 31 December 2015. The comparative amounts included in this financial report for the half-year ended 31 December 2015 are therefore unreviewed.

*Pitcher Partners*

PITCHER PARTNERS



NIGEL BATTERS  
Partner

Brisbane, Queensland  
28 February 2017