ANNUAL FINANCIAL REPORT

XPED LIMITED

FINANCIAL YEAR ENDED JUNE 2017

ABN 89 122 203 196

xped

Xped Limited

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Annual Financial Report – 30 June 2017

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Corporate Directory

Directors	Mr Peter Hunt, Chairman Mr Martin Despain, Executive Director Mr Athan Lekkas, Executive Director Mr Christopher Wood, Executive Director
Company Secretary	Ms Julie Edwards
Principal Registered Office in Australia	Level 6, 412 Collins Street Melbourne, Victoria. 3000
Share Registry	Automic Registry Services Suite 310 Level 3, 50 Holt Street Surry Hills NSW 2010 Phone: 1300 288 664 Overseas Callers: 61 8 9324 2099 Facsimile: 61 8 9321 2337
Auditor	Pitcher Partners Chartered Accountants Central Plaza One 345 Queen Street Brisbane 4000
Stock Exchange Listing	Australian Securities Exchange Ltd XPE – Listed Ordinary Shares XPEOC - Listed Options Over Ordinary Shares XPEOD - Listed Options Over Ordinary Shares
Website Address	www.xped.com

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 2017.

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 Peter Hunt	Chairman and non-executive Director (appointed 4 September 2017)
Mr Athan Lekkas	Executive Director (resigning 25 March 2018)
Mr John Schultz	Executive Director (resigned 22 September 2017)
Mr Christopher Wood	Executive Director
Mr Martin Despain	Managing Director (appointed 19 September 2016, resigning 30 November 2017)
Dr Wenjun Sheng	Non-executive Director (appointed 19 September 2016) (resigned 22 September 2017)
Ms Lisa Zhang	Executive Director (resigned 16 August 2016)
Mr Michael Clarke	Executive Director (resigned 31 August 2016)

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

Principal Activities
The principal activity of the group is a technology company specialising in Internet of Things (IoT). Xped is developing IoT solutions for 3 primary target markets. Smart Home & Consumer, Professional Healthcare, and Smart Buildings. Xped continues to develop our Auto Discovery Remote Control (ADRC) technology into a range of products that will be utilised in these solutions.

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

Review of Operations
The consolidated entity realised a loss after tax for the full-year of $11,853,736 (30 June 2016: loss of $3,086,822).

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

<u>Highlights of the Year</u>

<u>Xped</u>

- In August 2016, Xped joined the Open Connectivity Foundation as a Gold Member. Xped subsequently became a Platinum Member. Chris Wood has attended several OCF meetings during the year. OCF provides Xped with the opportunity to network with large technology companies in the technology industry and to promote its technology offerings.

- In September 2016, Xped released its Xped App into both the Apple App Store and Google Play platform. Available initially in English, but also later developed with a Chinese version to cater for multiple target markets. Xped is continuing to develop the App to add features and compatibility with operating systems.

- In September 2016, Xped exhibited at Microsoft Partner Conference in Singapore. Demonstrated Xped IoT Cloud Services, and Xped Xerts digital coupon solution.

- In October 2016, Xped launched a new corporate website with a live ASX feed of its share price and announcements.

- In November 2016, Xped announced it was expanding capability of its Xped App to interface with non-ADRC devices via Bluetooth communication technology.

- In November 2016, Xped completed a Customer Registration component of Xped IoT Cloud Services platform.

- In November 2016, Xped completed porting of ADRC onto STMicro chipset.

- In November 2016, Xped outlined technology and business development roadmap at its AGM.

- In December 2016, Xped delivered first product samples of ADRC and DiscoverBus devices, utilising STMicro chipset to Vital Xense. DiscoverBus announced as a wired version of ADRC technology. ADRC wireless provides One Tap connectivity. DiscoverBus provides One Click connectivity.

- In December 2016, Xped completed porting ADRC gateway services onto Intel gateway device and announced it was planning to integrate with Intel Smart Home Development Accelerator Platform to expand the number of devices it can connect to, and leverage OCF's Iotivity solution.

- In January 2017, Xped signed a license agreement with Shenzhen Lenze Technology Co (Lenze). Xped to provide technologies, and Application development, and Lenze to pay Xped a license fee per "Active Download". Xped to develop Apps for both IOS and Android for both Chinese and English Language. Apps branded for Lenze as well as their OEM partners.

- In January 2017, Xped established an offshore software development and testing capability to increase the scalability of the workforce to meet development objectives.

- In February 2017, Xped signed a license agreement with Solekai Systems - a San Diego USA based software design and integration company. Under the terms of the agreement, Solekai can incorporate Xped's Smart Home solutions into its existing customer platforms such as set-top boxes. Solekai and Xped agreed to collaboratively pursue business development and technology development opportunities.

- In March 2017, Xped exhibited at Embedded World in Germany as an invitee of STMicro. Xped exhibited ADRC and DiscoverBus hardware products (based on STMicro chipset), the Xped App and the Xped Cloud Services. This utilised our Smart Buildings gateway and a sample of Smart Home and Smart Building hardware products.

- In April 2017, Xped announced it would be developing the iPark App for Lenze devices. The first App development under the agreement was signed in January.

- In May 2017, Xped delivered its first production version of the iPark App for Lenze Smart USB device. Xped is continuing to work with Lenze on the App features and branding requirements to meet their OEM customer requirements.

- On 22 May 2017, Xped acquired Computer Vision and Artificial Intelligence development company Jemsoft Pty Ltd. Xped will implement some of these technologies into its IoT platform. As part of the acquisition, Xped acquired a 56% interest in Media Intelligence Co (MIC). MIC makes use of software to provide real-time and after-the-fact insights for brands and media owners.

- In June 2017, Xped completed integration of ADRC with Intel Smart Home Development Acceleration Platform (SHDAP). This forms the critical component of Xped's gateway for Xped's Smart Home Solution offering. Xped Smart Home Solution supports Wifi, BLE, Zigbee and Z-Wave protocol devices. Xped is continuing to develop this functionality and expand the number of devices that it can support on this platform.

JCT

- On the 4 July 2016, Xped completed the acquisition of JCT Healthcare Pty Ltd and Jackson Care Technologies Pty Ltd (JCT). The acquisition provided immediate revenue in the healthcare sector.

- JCT provides solutions for the Professional Healthcare market. JCT has several ranges of Nurse Call hardware devices, and also its own Nurse Call software solution, NuCams.

- On 2 September 2016, JCT won a tender to develop and deliver a Professional Healthcare Assistive Technology Solution for Disability SA at Lightsview in South Australia.

- Jackson Care Technologies is the R&D division of JCT and develops JCT's hardware and software solutions. During the past 12 months, Jackson Care Technologies has enhanced JCT's product offering through a number of product developments:

    - Enhancements to NuCams and transition from On-Site Server to Cloud-based product offering.

    - Development of Professional Healthcare Assistive Technology Solution integrating Cloud NuCams with newly developed JCT Smartphone Apps, with Smart Home control devices. This newly developed solution has expanded target markets for JCT and Xped is pleased to see growth in revenue from this development.

    - This Professional Healthcare Assistive Technology Solution is continuing to be developed and has recently been integrated with new computer vision technology. Initially, this is being used to detect a patient's fall from bed, etc., but the technology can be further developed to detect and notify a range of health-related conditions. This innovative technology is currently going through a patent application process.

    - During the year, Jackson Care's staff were relocated to work within the Xped development team.

Telink Collaboration

- In April 2017, Xped completed the ADRC port to the Telink 8269 chip. Xped continues to develop a solution to incorporate BLE (spell out BLE) pairing capabilities to meet Telink customer needs.

Board / Funding / Corporate

- On 5 July 2016, Mr. Luke Arthur resigned as Joint Company Secretary. Ms. Julie Edwards continued as sole Company Secretary.
- Ms. Lisa Zhang resigned from Board on 16 August 2016 and Michael Clarke resigned on 31 August 2016.
- Mr. Martin Despain was appointed as Managing Director, effective 19 September 2016.
- On 16 November 2016, the Company entered into a term sheet with a financial institution to provide finance of up to $10m in convertible notes. Tranches 1A and 1B were drawn down in January 2017. On 13 February, the Company advised the financial institution that it would not be drawing down Tranches 2 and 3, and canceled the balance of the facility. In August 2017, Xped paid back any remaining convertible note value of Tranche 1.
- On 16 November 2016, the Company announced a Share Placement Plan (SPP) to raise up to $7.5m. A subsequent Prospectus was issued in December 2016, and an EGM was held where shareholders approved the SPP. Eligible shareholders were entitled to apply for up to $15,000 worth of shares at 3.3 cents per share with an option issued for each share purchased. $3,118,800 was raised resulting in 94,508,940 fully paid ordinary shares being issued to existing shareholders with 94,508,940 bonus options exercisable at $0.05 each ($0.10 post-consolidation), expiring on 31 December 2018.
- On 26 April 2017, Xped announced an unmarketable share sale facility. A small holding (Xped shares worth $500.00 or less, which on the record date of 24 April 2017, was 23,810 or less) could sell their shares without incurring any brokerage or handling costs. Subsequently, 445 shareholders elected to retain their shares, representing 1,646,637 shares. 8,059,041 shares - held by 2,077 shareholders - were sold. The shares were sold by Taylor Collison (Broker).
- On 18 May 2017, Xped announced a Bonus Options Offer. Each Bonus Option issued had an issue price of $0.001 and an exercise price of $0.02 ($0.04 post-consolidation). 149,285,289 Bonus Options were issued on 18 July 2017 to eligible shareholders, with remaining 419,391,619 underwritten by Leadenhall Australia Pty Ltd. This raised approximately $570,000 for the Company. Bonus Options expire on 18 January 2018.
- On 9 June 2017, Xped completed the 2-to-1 share consolidation approved by shareholders on 30 May 2017.
- On 25 August 2017, the Company completed a placement of 250,000,000 shares at 1.2c to raise $3,000,000 capital.
- On 4 September 2017, Mr. Peter Hunt joined the Xped Board as Non-Executive Chairman. Mr. Lekkas resigned as Chairman and continued on the Board as a Director.
- On 22 September 2017, Mr. John Schultz resigned as a Director. He remains as a member of senior management and leads the project delivery and device development teams.
- On 22 September 2017, Dr. Wenjun Sheng resigned as a Director. He commenced in a business development consultancy role and is incentivised to grow revenue for Xped from ADRC Wi-Fi, BLE, and NFC chipset sales.
- On 22 September 2017, Mr. Martin Despain advised that he was resigning as Managing Director, and as a Director from 30 November 2017. Martin will continue with Xped in a business development role to continue to pursue opportunities for revenue from Smart Home solutions.
- On 22 September 2017, Mr. Athan Lekkas advised he was resigning as CEO, providing the Company six-months' notice. He will continue as a Board member.

Intellectual Property

- ADRC patent granted in Chile in November 2016 – taking to eight the number of countries in which the technology is now patented, Other countries are the USA, Japan, Russia, Mexico, South Africa, China, and Korea.

Sokoria Geothermal Project

- On 2August 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 a maximum of 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.

- On 16 January 2017, KS Orka advised it had completed the CSPA.

- Xped anticipates that KS Orka will issue a Notice of Intent to Develop the project during financial year 17/18.

Penola Geothermal Remediation

- 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.

- Xped remediation and rehabilitation works were undertaken on Geothermal Exploration License (GEL) 611. During the year, the Heat Flow 1A and Heat Flow 3A were decommissioned and the site remediated. On 21 July 2017, 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 were undertaken on GEL 223. The first two phases of the work program to decommission the Salamander 1 well were completed. The Salamander Well Water Bore was decommissioned and the Hot Water Pond was emptied, with water being delivered to a local treatment facility for processing. The liner, tank and associated pipework were removed and the groundworks filled and rehabilitated. Further works are planned for this remediation in 17/18. 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.

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

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

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. As such, the financial effects have not been reflected in this financial report for the year ended 30 June 2017:

- In July 2017, 568,676,908 bonus options were issue at an issue price of $0.001, exercisable at $0.04 each and expiring on 18 January 2018 raising $568,679.

- On 4 July 20107 Xped issued 25,773,196 fully paid ordinary shares in accordance with the JCT Group Acquisition Agreement for Subsequent Consideration Shares which were payable 12 months from the date of acquisition and paid $500,000 in cash.

- In August 2017, JCT won a $649,000 tender with Renewal SA. This is for the supply, installation and support of assistive technologies to approximately 30 properties.

- In August 2017, Xped signed an agreement with Eastool Solution (Eastool) in Malaysia to provide local support for Malaysia and the surrounding region. Eastool provides Xped with local business development, technical, and logistical support. Xped is pursuing opportunities to sell its Smart Home Solution within this region.

- On 23 August 2017, the company repaid the aggregate Face Value of the outstanding convertible securities from Tranche 1A including accrued interest of $1,081,666.

- On 25 August 2017, the Company completed a placement of 250,000,000 shares at 1.2c to raise $3m capital.

- In September 2017, Xped exhibited at the CEDIA 2017 tradeshow in San Diego, USA. Xped attended with Solekai Systems and promoted its Smart Home and Smart Building Solutions (Featuring ADRC).

- On 5 September 2017, Mr. Peter Hunt joined the Xped Board as Non-Executive Chairman. Mr. Lekkas resigned as Chairman and CEO and will continue on the Board as a Director.

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

Peter Hunt
Chairman / Non-executive

Qualifications
Fellow Chartered Accountant

Age
70

Experience and expertise
Mr Hunt is a Chartered Accountant and Consultant to BDO Adelaide. He was a former partner of PKF Adelaide, Chartered Accountants, which merged with BDO Adelaide in 2012. He has broad experience as an independent director and chairman of ASX listed and private companies.

Mr Hunt is an independent non-executive director of ASX listed Intermin Resources Limited (of which he had been independent Chairman for over twenty five years) and is independent non-executive Chairman of unlisted UXA Resources Limited.

In addition to his experience as a Board member of ASX listed entities, Mr Hunt has direct and broad experience within the aging and health care industries, which are one of Xped's key sectors. He is an investor/owner in the aged care industry and is well connected with investors in the sector.

Other current directorships
Intermin Resources Limited

Former directorships in last 3 years
Metaliko Resources Limited

Special responsibilities
Chairman of the Board (appointed 4 September 2017)
Chairman of Audit Committee

Interests in shares and options
Nil

Martin Despain
Managing Director

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

Age
48

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, Martin 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
Information on Directors (continued)

Interests in shares and options
Nil

Athan Lekkas
Director

Qualifications
AICD
Diploma Business Management

Age
41

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 (resigned 5 September 2017)
Chairman of the Remuneration Committee
Member of the Audit Committee

Interests in shares and options
29,077,273 listed ordinary shares (XPE)
227,273 listed options (XPEOC)

John Shultz
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
43,103,135 listed ordinary shares (XPE)
97,185,186 Ordinary Shares held in escrow

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

Qualifications
Bachelor of Electrical and Computer Systems Engineering Hons

Age
55

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
112,732,700 Ordinary Shares held in escrow
6,000,000 listed options (XPEOD)

<u>Wenjun Sheng</u>
Director – Non-Executive

Qualifications
BS Electronics Engineering, ME and PhD Electrical Engineering

Age
42

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 held during the year ended 30 June 2017, and the numbers of meetings attended by each director are as follows:

	Full Meeting of Directors	
	A	**B**
Martin Despain	4	4
Athan Lekkas	4	4
John Schultz	4	4
Christopher Wood	4	3
Wenjun Sheng	4	2
Lisa Zhang	0	0
Michael Clarke	1	1

A = Number of meetings held during the time the director held office 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	
30/03/2016	Fully Vested	30/03/2018	$0.14*	3,750,000	Unlisted
30/03/2016	Fully Vested	30/03/2018	$0.18*	3,750,000	Unlisted
30/03/2016	Fully Vested	30/03/2018	$0.22*	3,750,000	Unlisted
30/03/2016	Fully Vested	30/03/2018	$0.13*	3,750,000	Unlisted
27/01/2017	Fully Vested	31/12/2018	$0.10	127,254,564	Listed
18/07/2017	Fully Vested	18/01/2018	$0.04	568,676,908	Listed
				710,931,472	

*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 189,228,510 options were exercised at $0.015.

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.

Voting at the company's prior Annual General Meeting ('AGM')
At Xped's 2016 Annual General Meeting, Xped received votes against its Remuneration Report representing greater than 25% of the votes cast by persons entitled to vote. In other words, Xped received a "First Strike" against its 2016 Remuneration Report. In these circumstances, the Corporations Act 2001 requires Xped to include in this year's Remuneration Report, an explanation of the Board's proposed action in response to that First Strike or, alternatively, if the Board does not propose any action, the Board's reason for such inaction.

The board takes shareholder's concern seriously and is committed to ensuring the executive remuneration approach is informed by market practice, takes shareholders' views into account, is linked to our business strategy, and operates to attract and retain key talent. On 25 September 2017 the company announced a significant organisational restructure in what the company believes will be a significant cost savings with the resignation of Athan Lekkas, Martin Despain and Wenjun Sheng while simultaneously freeing up Athan, Martin, and Wenjun to focus on their critical business development roles within Xped's operations.

The Board remains confident that its remuneration policy and the level and structure of its executive remuneration are suitable for the company and its shareholders.

(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 30 June 2017 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.

Remuneration Report (continued)

(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.

Structure
Long term incentives have been granted to senior executives in the form of performance bonuses. 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. 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***
Peter Hunt	04/09/2017		Chairman / Non-Executive Director
Marty Despain	19/09/2016		Managing Director
Athan Lekkas	19/02/2013		Chairman until 04/09/17 / Chief Executive Officer from 29/06/16
John Schultz	23/03/2016	22/09/2017	Executive Director
Christopher Wood	23/03/2016		Executive Director / Chief Technical Officer from 29 June 2016
Wenjun Sheng	21/04/2016	22/09/2017	Non-Executive Director
Michael Clarke	19/02/2013	31/08/2016	Executive Director
Lisa Zhang	29/06/2016	16/08/2016	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)

2017	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	241,842	-	-	-	-	241,842	-
Total Non-Executive Directors	**241,842**	**-**	-	**-**	**-**	**241,842**	-
Executive Directors							
Martin Despain	499,732	-	-	-	-	499,732	-
Athan Lekkas	642,717	-	-	-	-	642,717	22.11%
John Schultz	256,000	-	-	-	-	256,000	-
Christopher Wood	424,090	-	-	-	-	424,090	-
Michael Clarke	30,223	-	-	-	-	30,223	-
Lisa Zhang	39,813	-	-	-	-	39,813	-
Total Executive Directors	**1,892,575**		-	-	-	**1,892,575**	**7.51%**
Total Key Management Personnel Compensation	**2,134,417**	**-**	-	-	-	**2,134,417**	**6.66%**

2016	Short-term employee benefits	Post-employmen t benefits	Terminatio n 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 in the prior year. 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:

- 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.

Remuneration Report (continued)

Martin Despain
The Group entered into a consultancy agreement with MMEYE LLC and Mr. Martin Despain which commenced on 19 September 2016, for US$360,000 per annum. In addition Mr. Despain received a signing bonus of $80,000, $40,000 paid on commencement and $40,000 paid six months from commencement date.

Performance cash bonuses are payable as follows:
- 15% of annual consultancy fee on the company generating $2.5 million in revenue within 24 months of his commencement date; and
- 15% of annual consultancy fee on the company generating $5 million in revenue within 24 months of his commencement date.

Performance shares will be issued as follows;
- Performance Shares A: 6,250,000* on the company generating and receiving at least $3 million in revenue within 24 months of his commencement date; and
- Performance Shares B: 6,250,000* on the company generating and receiving at least $6 million in revenue within 24 months of his commencement date; and
- Performance Shares C: 6,250,000* on the company generating and receiving at least $12 million in revenue within 24 months of his commencement date; and
- Performance Shares D: 6,250,000* on the company generating and receiving at least $20 million in revenue within 24 months of his commencement date; and

Mr. Despain must remain engaged by the company under the terms of his agreement at the time of satisfaction of the milestones to be eligible for the bonuses.

The agreement is for an initial term of 2 years and can be terminated by the Group with 9 months' notice or by the consultant with 3 months' notice.

*Figures have been adjusted for two for one share consolidation on 9 June 2017

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. 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. Mr Lekkas is also entitled to up to US$12,000 per month for expenses that include rent, motor vehicle and health insurance, however none of this entitlement was used in the year ending June 2017. Key performance based payment may also be made under the consultancy agreement. During the financial year Mr Lekkas received a performance based payment of $142,086 in respect of a capital raising. The agreement was for an initial term of 2 years and 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. Mr Schultz's remuneration package was reduce to a total of $250,000 per annum from 4 September 2017.

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. Mr Sheng's remuneration was reduce to $7,500 per month plus sales incentives from 1 October 2017

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 remuneration 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. $72,480 was expensed as part of Mr Wood's entitlement for the year ending June 2017. Mr Wood's remuneration was subsequently reduce to a total of $250,000 per annum from 4 September 2017.

Remuneration Report (continued)

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.

On 30 May 2017 shareholders gave approval for the company to issue shares to Directors as per the Notice of Meeting on 26 April 2017. The approval allows for the company to issue up to $250,000 worth of Future Placement Shares each to Athan Lekkas, Martin Despain and Wenjun Sheng. No shares have been issued under this approval at the date of this report.

(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 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.

Performance shares were grant to Mr Martin Despain as follows:

- Performance Shares A: 6,250,000* on the company generating and receiving at least $3 million in revenue within 24 months of his commencement date; and
- Performance Shares B: 6,250,000* on the company generating and receiving at least $6 million in revenue within 24 months of his commencement date; and
- Performance Shares C: 6,250,000* on the company generating and receiving at least $12 million in revenue within 24 months of his commencement date; and
- Performance Shares D: 6,250,000* on the company generating and receiving at least $20 million in revenue within 24 months of his commencement date;

The fair value of the performance shares is nil.

The company may also issue up to $250,000 worth of Future Placement Shares each to Athan Lekkas, Martin Despain and Wenjun Sheng. No shares have been issued under this scheme at the date of this report.

(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.

2017* **Name**	**Balance at 30 June 2016**	**Purchased during the year**	**Appointed/ (Resigned)**	**Balance at the end of the year**
Directors of Xped Limited **Ordinary shares**				
M Despain	-	-	-	-
A Lekkas	28,850,000	227,273	-	29,077,273
M Clarke	18,910,852	-	(18,910,852)	-
J Schultz	140,288,321	-	-	140,288,321
W Sheng	-	-	-	-
C Wood	112,732,700	-	-	112,732,700
L Zhang	-	-	-	-

(iii) Listed option holdings (ASX: XPEOC)

2017* **Name**	**Balance at 30 June 2016**	**Acquired during the year**	**Exercised during The year**	**Appointed/ (Resigned)**	**Balance at the end of the year**
Directors of Xped Limited					
M Despain	-	-	-	-	-
A Lekkas	-	227,273	-	-	227,273
M Clarke	-	-	-	-	-
J Schultz	-	-	-	-	-
W Sheng	-	-	-	-	-
C Wood	-	6,000,000	-	-	6,000,000
L Zhang	-	-	-	-	-

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**				
A Lekkas	19,350,000	9,500,000	-	28,850,000
M Clarke	12,660,852	6,250,000	-	18,910,852
J Schultz	140,288,320	-	-	140,288,321
W Sheng	-	-	-	-
C Wood	112,732,700	-	-	112,732,700
L Zhang	-	-	-	-

(iv) 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	9,500,000	-	9,500,000	-	-
M Clarke	6,250,000	-	6,250,000	-	-
J Schultz	-	-	-	-	-
W Sheng	-	-	-	-	-
C Wood	-	-	-	-	-
L Zhang	-	-	-	-	-

*All figures have been adjusted for two for one share consolidation on 9 June 2017

(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. $192,714 (June 2016: $165,744) has been expensed during the year in relation to these services. $1,876 was payable as at 30 June 2017.

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

End of Remuneration Report.

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 2017. 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 $80,595 (2016: $19,800) 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:

	2017 $	2016 $
Pitcher Partners		
Audit services		
Audit and review of financial reports	87,000	40,000
Other assurance services	5,000	-
Financial due diligence	79,000	20,000
Taxation services		
Tax and other services	169,000	101,320
Total remuneration	**340,000**	**161,320**
Bentleys (SA)		
Audit services		
Audit and review of financial reports	-	-
Taxation services		
Tax and other services	-	3,000
Total remuneration	**-**	**3,000**

Rounding of amounts

Amounts in this report have been rounded off in to the nearest dollar in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 which permits amounts to be rounded at least to the nearest dollar.

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.

____

Athan Lekkas
Director

Brisbane
29 September 2017

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

Auditor's Independence Declaration

As lead auditor for the audit of Xped Limited for the year ended 30 June 2017, 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 APES 110 *Code of Ethics for Professional Accountants*.

PITCHER PARTNERS

NIGEL BATTERS
Partner

Brisbane, Queensland
29 September 2017

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 2017

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Annual Financial Report – 30 June 2017

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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.

The principal place of business is:

11/2 Portrush Road
Payneham, South Australian 5070

The registered office 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 2017. 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.

Xped Limited
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2017

	Notes	2017 $	2016 $
Revenue and other income from continuing operations	5	4,191,846	43,698
Cost of goods sold		(1,495,992)	-
Employee and contracting expenses		(518,776)	(704,793)
Finance costs		(697,149)	(5,845)
Directors fees		(1,421,077)	(107,000)
Consulting and advisory fees		(2,078,929)	(522,765)
Occupancy costs		(209,535)	(44,363)
Travel		(617,297)	(272,052)
Marketing and Promotion		(320,510)	(72,747)
Professional and Legal fees		(965,269)	(359,576)
Materials		(793,809)	(82,867)
Patents and Trademarks		(14,840)	(155,248)
Depreciation	13	(339,607)	(12,265)
Impairment expense	26	(4,972,914)	(1,606,448)
Impairment of development costs	14	-	(4,392,985)
Foreign currency losses		(27,206)	-
Other expenses		(1,572,672)	(115,643)
Due diligence costs		-	(403,069)
Related party loans forgiven		-	5,727,146
Loss before income tax		**(11,853,736)**	**(3,086,822)**
Income tax expense	7	-	-
Loss for the year		**(11,853,736)**	**(3,086,822)**
Other comprehensive income		**-**	-
Total comprehensive income		**(11,853,736)**	**(3,086,822)**

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

	Notes	Cents	Cents
Basic and diluted loss per share	24	(1.10)	(0.57) *

* *Adjusted for the 2-for-1 share consolidation which occurred during the year*

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

	Notes	2017 $	2016 $
Current assets			
Cash and cash equivalents	8	6,234,199	8,846,362
Other financial assets	9	890,000	750,000
Trade and other receivables	10	1,577,524	102,745
Prepayments	11	355,257	180,409
Inventory	12	372,034	-
Total current assets		**9,429,014**	**9,879,516**
Non-current assets			
Plant and Equipment	13	359,152	607,482
Intangible assets	14	2,844,066	59,226
Investments accounted for using the equity method	15	-	1,300,000
Total non-current assets		**3,203,218**	**1,966,708**
TOTAL ASSETS		**12,632,232**	**11,846,224**
Current liabilities			
Trade and other payables	16	1,708,480	653,300
Borrowings	17	1,498,695	421,495
Provisions	18	1,024,807	300,630
Total current liabilities		**4,231,982**	**1,375,425**
Non-current liabilities			
Other Payables	16	478,000	-
Borrowings	17	228,030	295,465
Provisions	18	56,032	14,996
Deferred tax liabilities		12,768	-
Total non-current liabilities		**774,830**	**310,461**
TOTAL LIABILITIES		**5,006,812**	**1,685,886**
		7,625,420	**10,160,338**
EQUITY			
Contributed equity	19	22,071,943	13,395,086
Reserves	20	663,000	2,094,730
Accumulated losses	20	(15,155,979)	(5,329,478)
Owners of the parent		7,578,964	10,160,338
Non-controlling interests		46,456	-
TOTAL EQUITY		**7,625,420**	**10,160,338**

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

	Contributed Equity	Other Reserve	Accumulated Losses	Non-controlling Interest	Total
	$	$	$	$	$
2017					
Balance at 1 July 2016	13,395,086	2,094,730	(5,329,478)	-	10,160,338
Adjustment to opening balance	-	-	22,504	-	22,504
Loss for the year	-	-	(11,853,736)	28,095	(11,825,641)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	13,395,086	2,094,730	(17,160,710)	28,095	(1,642,799)
Transactions with owners in their capacity as owners					
Ordinary shares issued	3,118,800	-	-	-	3,118,800
Ordinary shares issued on conversion of convertible security	2,188,373	-	-	-	2,188,374
Ordinary shares issued during the year through exercise of listed options	2,725,039	-	-	-	2,725,039
Fair value of ordinary shares issued as consideration	1,100,000	-	-	-	1,100,000
Non-controlling interest on acquisition of subsidiary	-	-	-	18,361	18,361
Cancellation of Class A Performance shares	-	(700,000)	700,000	-	-
Cancellation of Class B Performance shares	-	(650,000)	650,000	-	-
Cancellation of Class C Performance shares	-	(650,000)	650,000	-	-
Expiry of employee share based payments	-	(4,730)	4,730	-	-
Fair value of Options issued as consideration	-	573,000	-	-	573,000
Cost of share issue	(455,355)	-	-	-	(455,355)
Balance at 30 June 2017	**22,071,943**	**663,000**	**(15,155,980)**	**46,456**	**7,625,420**
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**

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

Xped Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2017

	Notes	2017 $	2016 $
Cash flows from operating activities			
Customer receipts		2,081,337	1,345
Interest received		66,706	10,178
Interest paid		(27,148)	(5,845)
Government Grants and R & D incentives received		837,473	377,804
Payments to suppliers and employees		(8,835,392)	(2,767,129)
Income tax paid		(139,259)	-
Net cash outflow from operating activities	23	**(6,016,284)**	**(2,383,647)**
Cash flows from investing activities			
Payment for development costs		(2,784,707)	-
Payments for plant and equipment		(66,940)	(607,821)
Proceeds from sale of plant and equipment		69,436	-
Proceeds from term deposits		96,333	300,000
Payment for intangibles		-	(57,826)
Payment for acquisition of subsidiaries net cash acquired		(1,276,125)	-
			7,955,767
Net cash outflow from investing activities		**(3,962,002)**	**7,590,120**
Cash flows from financing activities			
Loans from related entities		-	(260,000)
Loans to related entities		-	756,070
Repayment of finance lease and loans		(522,387)	(79,473)
Proceeds from borrowings		551,654	-
Issue of shares		8,032,212	3,898,283
Share issue costs		(455,355)	-
Net cash inflow / (outflow) from financing activities		**7,606,124**	**4,314,880**
Net increase / (decrease) in cash and cash equivalents		(2,372,163)	9,521,353
Cash and cash equivalents at the beginning of the year		9,496,362	(24,991)
Cash and cash equivalents at the end of the year*	9	**7,124,199**	**9,496,362**

* 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 2017 the Group held, in addition to cash and cash equivalents above, $890,000 (2016: $750,000) in term deposits.

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

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1. 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 3.

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 2017. 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) 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 2017 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.

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.

1. Significant accounting policies (continued)

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.

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.

(c) 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.

(d) 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.

(e) 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.

1. Significant accounting policies (continued)

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.

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.

(f) 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 acquiree 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. Significant accounting policies (continued)

(g) 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.

(h) 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.

(i) 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.

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.

(j) 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.

1. Significant accounting policies (continued)

(k) 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.

(l) 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.

(m) 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.

(n) 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. Significant accounting policies (continued)

(o) 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.

(p) Inventories
Inventories are measured at the lower of cost and net realisable value. Net realisable value represents the estimate selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(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	20 - 100%	Straight Line and Diminishing Value
Office Equipment	5 - 100%	Straight Line
Computer Equipment	25 - 100%	Straight Line
Software	40 - 50%	Straight Line
Motor Vehicles	25%	Diminishing Value
General Pool	30%	Straight Line
Leasehold Improvements	2.5%	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(h)).

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.

1. Significant accounting policies (continued)

(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. 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.

(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.

1. Significant accounting policies (continued)

(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.

(w) Revenue
Revenue comprises revenue from the sale of goods, government grants, interest and gain on contingent consideration. Revenue is shown in Note 5. Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts. Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities have been met.

(i) Sale of goods
Revenue from the sale of goods comprises revenue earned from the sale of goods purchased for resale. Sales revenue is recognised when the control of goods passes to the customer.

(ii) Government grants
A number of the Group's programs are supported by grants received from the federal, state and local governments. If conditions are attached to a grant which must be satisfied before the Group is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied. Where a grant is received on the condition that specified services are delivered, to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at yearend until the service is delivered. Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the Group obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied. Where the Group receives a non-reciprocal contribution of an asset from a government or other party for no or nominal consideration, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

(iii) Interest
Interest income is recognised on an accrual basis using the effective interest method. Dividend income are recognised at the time the right to receive payment is established.

(x) 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. The Board hasn't yet considered the implications of AASB9.

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. The Board hasn't yet considered the implications of AASB16.

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

1. Significant accounting policies (continued)

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.

(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: XPE). 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:

	2017 $	2016 $
Financial Assets		
Cash and cash equivalents	6,234,199	8,846,362
Other financial assets **	890,000	750,000
Trade and other receivables *	1,427,524	102,745
	8,551,723	9,699,107
Financial Liabilities		
Trade and other payables ***	2,183,127	653,300
Borrowings ***	1,455,254	716,960
Financial liabilities*	-	-
	3,638,381	1,370,260

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

Values of financial instruments are approximate fair values.

(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 2017		30 June 2016	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Cash and cash equivalents	0.51%	6,234,199	0.88%	8,846,362

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)	
	2017 $	2016 $	2017 $	2016 $
+1% (100bp)	62,342	88,464	62,342	88,464
-1% (100bp)	(62,342)	(88,464)	(62,342)	(88,464)

Interest bearing liabilities are held at fixed rates.

(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.

The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality. There was no credit risk applicable to the financial year ending June 2016.

	Gross Amount	Past Due but Not Impaired (Days Overdue)			Within Initial Trade Terms
		31–60	61–90	> 90	
2017					
Trade and term receivables	1,395,240	4,162	1,762	9,591	1,379,725
Other receivables	32,284	-	-	-	32,284
Total	1,427,524	4,162	1,762	9,591	1,412,009

(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 cash flows.

30-Jun-17	Interest rate %	Less than 12 months $	Between 2 - 5 years $	Total contractual cash flows $	Carrying amount $
Non-interest bearing					
Trade and other payables		2,186,480	-	2,186,480	2,186,480
Fixed interest rate instruments					
Borrowings	20.52	1,709,687	228,030	1,937,717	1,726,725
		3,896,167	**228,030**	**4,124,197**	**3,913,205**
30-Jun-16					
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**

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 clean-up 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 $10,341,828 as at 30 June 2017 (2016: $8,976,657). The Group has determined that the unrecognised deferred tax assets are available to offset future taxable profits.

Classification of joint arrangements
Sokoria Indonesia

This arrangement was classified as a joint venture of the reporting entity up to 16th January 2017.

The entity's joint venture, P.T Sokoria Geothermal Indonesia, makes up the investments accounted for using the equity method (refer note 30). The reporting entity held a 45% interest in the arrangement and 50% voting power. Under the joint arrangement agreement unanimous consent was required from all parties to the agreement for all relevant activities. The reporting entity and the parties to the agreement only had rights to the net assets of the Group through 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 was not considered substantial to indicate that the arrangement had been set up primarily for the provision of output to the parties and that they had direct rights to substantially all of the economic benefits of the arrangement. Similarly, the parties were 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.

On 16th January 2017 KS Orka completed the 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 project. Refer to note 10 for current receivable.

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 projects are fully impaired.

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, geothermal projects and corporate were the only operating segments in the financial year ending 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.

Operating segment are Australian based unless otherwise stated.

Activity by segment

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

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

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

Geothermal Projects
Xped held interests in three geothermal projects in Indonesia:

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

Xped held an interests in a geothermal project in India:

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

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

Operating segments (continued)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

(i) Segment performance

	Technology Development	Healthcare Technology	Jemsoft & Media Intelligence	Geothermal Projects	Corporate	Total
	$	$	$	$	$	$
Interest	1	-	6	-	66,699	66,706
Sales Receipts	198	1,697,969	210,500	-	-	1,908,667
R & D Tax Concessions	522,670	292	-	-	64,511	587,473
Grants	-	129,000	-	-	-	129,000
Gain on contingent consideration	-	-	-	-	1,500,000	1,500,000
Total segment revenue	522,869	1,827,261	210,506	-	1,631,210	4,191,846
Cost of Goods Sold	-	(1,433,259)	(62,733)	-	-	(1,495,992)
Employee & contracting expenses	(95,668)	(366,287)	(56,821)	-	-	(518,776)
Finance costs	-	(12,213)	(304)	-	(684,632)	(697,149)
Directors fees	-	-	-	-	(1,421,077)	(1,421,077)
Consulting and advisory	(1,474,653)	(371,860)	(102,801)	-	(129,615)	(2,078,929)
Occupancy costs	(106,126)	(87,325)	(5,174)	-	(10,910)	(209,535)
Travel	(543,865)	(75,879)	2,601	-	(154)	(617,297)
Marketing and Advertising	(277,684)	(42,826)	-	-	-	(320,510)
Professional and legal fees	(756,066)	(61,014)	(18,574)	-	(129,615)	(965,269)
Materials	(420,203)	(373,606)	-	-	-	(793,809)
Patent and trademarks	(14,840)	-	-	-	-	(14,840)
Depreciation	(301,521)	(38,086)	-	-	-	(339,607)
Impairment expense	-	-	-	-	(4,972,914)	(4,972,914)
Foreign currency losses	-	(27,206)	-	-	-	(27,206)
Other expenses	(83,564)	(127,856)	(5,624)	(240)	(1,355,388)	(1,572,672)
Loss before tax	(3,551,320)	(1,190,156)	(38,924)	(240)	(7,073,095)	(11,853,736)

(ii) Segment assets and liabilities

	Technology Development	Healthcare Technology	Jemsoft & Media Intelligence	Geothermal Projects	Corporate	Elimination	Total
	$	$	$	$	$	$	$
30 June 2017:							
Assets	4,571,242	3,479,178	356,625	1,300,000	17,577,254	(14,652,067)	12,632,232
Liabilities	(10,908,868)	(5,511,431)	(204,379)	(675,000)	(2,359,201)	14,652,067	(5,006,812)
30 June 2016:							
Assets:	922,505	-	-	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)

	2017 $	2016 $

5. Revenue and other income

	2017 $	2016 $
Interest revenue	66,706	17,616
Sales receipts	1,908,667	26,082
R and D tax concession	587,473	-
Grant	129,000	-
Gain on contingent consideration payable	1,500,000	-
	4,191,846	43,698

6. Expenses

	2017 $	2016 $
Loss before income tax includes the following specific expenses:		
Rental expenses relating to operating leases – minimum lease rentals	139,642	33,065
Defined contribution superannuation expense	157,142	26,084

7. Income tax

(a) Income tax expense

	2017 $	2016 $
Current tax	-	-
Deferred tax	(1,048,991)	(1,056,291)
Adjustments for deferred tax assets of prior periods	-	(7,920,366)
De-recognition of deferred tax asset	1,048,991	8,976,657
	-	-

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

	2017 $	2016 $
Loss before income tax	(11,853,736)	(3,086,822)
Tax at the Australian tax rate of 30% (2016: 30%)	(3,556,121)	(926,047)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development	1,582,844	1,587,248
Loss on loans forgiven	-	38,443
Gain on loans forgiven	-	(1,756,587)
Non-deductible expenses	7,170	652
Non-deductible interest	196,096	-
Non-deductible impairment	1,171,020	-
Deferred consideration	(450,000)	
DTA arising from prior year timing differences	-	(82,526)
DTA arising from carried forward tax losses	-	(7,837,840)
	(1,048,991)	(8,976,657)
Deferred tax asset not recognised	1,048,991	8,976,657
Income tax expense	-	-

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2017 $	2016 $
Temporary differences and tax losses at 30% (2016: 30%)	944,102	887,633
Tax losses at 30% (2016: 30%)	9,397,726	8,089,024
	10,341,828	8,976,657

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 (2016: $nil) as tax consolidation contributions by, or distributions to, equity participants.

	2017 $	2016 $

8. Cash and cash equivalents

Cash at bank and on hand	6,234,199	8,846,362

Refer to note 9 for a reconciliation of cash and cash equivalents to the cash flow statement.

9. Other financial assets

Term deposits	890,000	750,000

Term deposits as at 30 June 2017 are held as security in favour of the Commonwealth Bank of $650,000 for a software finance lease, National Australia Bank of $140,000 for credit cards and South Australian Government (PIRSA) of $100,000 for the Limestone Coast tenements. The term deposits are recognised and measured as Held-to-maturity financial assets.

Reconciliation of cash and cash equivalents at year end:

Cash at bank and on hand	6,234,199	8,846,362
Term deposits	890,000	650,000
Cash and cash equivalents per cash flow statement	7,124,199	9,496,362

10. Trade and other receivables

Current		
Trade debtors	95,240	-
Accrued income	150,000	-
Other receivables	1,332,284	102,745
	1,577,524	102,745

Other receivables mainly represent $1.3 million receivable from KS Orka in relation to the sale of shares held in Sokoria Geothermal. The residual balance represents GST amounts awaiting reimbursement from Australian Taxation Office and accrued interest.

11. Prepayments

Prepayments	355,257	180,409

12. Inventory

At cost less accumulated impairment	372,034	-

13. Plant & Equipment at written down values:

Plant and equipment	22,662	545
Office Equipment	15,289	8,028
Computer Equipment	24,726	23,894
Software	284,391	575,015
Motor vehicles	7,204	-
General pool	757	-
Leasehold improvement	4,123	-
	359,152	607,482

13. Plant & Equipment (continued)

	2017 $	2016 $
Plant and equipment - at cost		
Balance at beginning of year	60,578	60,578
Additions	33,417	-
Balances from acquisition	38,892	-
Balance at end of year	132,887	60,578
Accumulated depreciation		
Balance at beginning of year	60,033	59,593
Depreciation	31,177	440
Balances from acquisition	19,015	-
Balance at end of year	110,225	60,033
Plant and equipment net book value	**22,662**	**545**
Office Equipment – at cost		
Balance at beginning of year	14,277	18,713
Additions	10,911	1,445
Transfer to computer equipment	-	(5,882)
Balance at end of year	25,188	14,277
Accumulated depreciation		
Balance at beginning of year	6,249	7,772
Depreciation	3,650	3,055
Transfer to computer equipment	-	(4,578)
Balance at end of year	9,899	6,249
Office Equipment net book value	**15,289**	**8,028**
Computer Equipment – at cost		
Balance at beginning of year	30,072	-
Additions	9,611	24,190
Transfer to computer equipment	-	5,882
Balance at end of year	39,683	30,072
Accumulated depreciation		
Balance at beginning of year	6,178	-
Depreciation	8,779	1,600
Transfer from office equipment	-	4,578
Balance at end of year	14,957	6,178
Computer Equipment net book value	**24,726**	**23,894**
Software – at cost		
Balance at beginning of year	582,185	-
Additions	-	582,185
Balance at end of year	582,185	582,185
Accumulated depreciation		
Balance at beginning of year	7,170	-
Depreciation	290,624	7,170
Balance at end of year	297,794	7,170
Software net book value	**284,391**	**575,015**

13. Plant & Equipment (continued)

	2017 $	2016 $
Motor vehicles – at cost		
Balance at beginning of year	-	-
Additions	9,091	-
Balances from acquisition	87,618	-
Disposals	(87,618)	-
Balance at end of year	9,091	-
Accumulated depreciation		
Balance at beginning of year	-	-
Depreciation	1,887	-
Balances from acquisition	14,119	-
Disposals	(14,119)	
Balance at end of year	1,887	-
Motor Vehicles net book value	**7,204**	**-**
General pool – at cost		
Balance at beginning of year	-	-
Additions	-	-
Balances from acquisition	117,193	-
Balance at end of year	117,193	-
Accumulated depreciation		
Balance at beginning of year	-	-
Depreciation	3,490	-
Balances from acquisition	112,946	-
Balance at end of year	116,436	-
General pool net book value	**757**	**-**
Leasehold improvement – at cost		
Balance at beginning of year	-	-
Additions	-	-
Balances from acquisition	8,204	-
Balance at end of year	8,204	-
Accumulated depreciation		
Balance at beginning of year	-	-
Depreciation	217	-
Balances from acquisition	3,865	-
Balance at end of year	4,081	-
Leasehold improvement net book value	**4,123**	**-**
Carrying amounts		
At beginning of the year	607,482	11,926
At end of the year	**359,152**	**607,482**

14. Intangible Assets

	2017 $	2016 $
Goodwill		
Balance at beginning of year	-	4,392,985
Acquisition of JCT	4,169,102	
Acquisition of Jemsoft	803,812	
Impairment expense	(4,972,914)	(4,392,985)
Balance at end of year	-	-
Development costs		
Balance at beginning of year	-	-
Additions	2,741,984	-
Balance at end of year	2,741,984	-
Customer contract		
Balance at beginning of year	-	-
Additions	42,510	-
Balance at end of year	42,510	-
Trademarks		
Balance at beginning of year	57,826	-
Additions	-	57,826
Balance at end of year	57,826	57,826
Other		
Balance at beginning of year	1,400	1,400
Additions	346	-
Balance at end of year	1,746	1,400
Total Intangible Assets		
Carrying amounts at beginning of the year	59,226	4,395,385
Carrying amounts at end of the year	**2,844,066**	**59,226**

15. Investment accounted for using the equity method

Interest in joint venture entity	-	1,300,000

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 project. Refer to note 10 for current receivable.

16. Trade and other payables

Current		
Trade payables	1,023,024	345,454
Accruals	118,590	276,642
Other payables	74,866	31,204
JCT acquisition consideration payable	970,000	-
Total trade and other payables	2,186,480	653,300

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

17. Borrowings

	2017 $	2016 $
Current		
Credit Card	8,392	-
Insurance premium funding	63,832	138,770
Finance Lease	271,471	282,725
Convertible notes	1,155,000	-
	1,498,695	421,495
Non-Current		
Loan	228,030	-
Finance Lease	-	295,465
	228,030	295,465

18. Provisions

	2017 $	2016 $
Rehabilitation	675,000	280,000
Short-term Employee benefits	119,807	20,630
Provision for onerous contract	230,000	-
Total current provisions	1,024,807	300,630
Non-current		
Employee benefits	56,032	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 2017/18 financial year.

19. Contributed equity

	2017	2016
	No. of Shares	No. of Shares
Ordinary shares – fully paid	1,158,556,729	1,885,488,158

(a) Movements in equity	**No. of Shares**	**$**
Balance at 30 June 2015	**101,267,673**	**645,800**
Issue of shares	5,259,273	289,933
Recognition of shares in Xped Limited in accordance with reverse acquisition accounting	1,547,917,266	8,941,003
Issue of Advisor shares	15,000,000	-
Issue of shares	25,520,000	638,000
Issue of shares on exercise of options	190,523,946	2,856,959
Unissued shares on exercise of options	-	113,391
Share issue expenses	-	(90,000)
Balance at 30 June 2016	**1,885,488,158**	**13,395,086**
Issue of shares (i)	94,508,980	3,118,800
Issue of Jemsoft acquisition shares (ii)	50,000,000	700,000
Issue of shares for advisor consideration (iii)	10,000,000	400,000
Issue of shares of conversion of Convertible Note (iv)	82,202,409	2,188,373
Issue of shares on exercise of options (v)	189,228,510	2,725,039
2 for 1 consolidation (vi)	(1,152,871,328)	-
Share issue expenses	-	(455,355)
Balance at 30 June 2017	**1,158,556,729**	**22,071,943**

19. Contributed equity (continued)

(i) Shares issued on 27 January 2017 under Share Purchase Plan as approved by shareholders on 19 January 2017.

(ii) Shares issued on 1 June 2017 as part consideration for Jemsoft Pty Ltd acquisition.

(iii) Shares issued on 26 November to KTM Capital in consideration for termination of mandate. Shares are subject to 12 months voluntary escrow.

(iv) Shares issued on part conversion of Convertible Notes Tranche 1A and Tranche 1B

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

(vi) Two for one share consolidation on 9 June 2017 as approved by shareholders on 30 May 2017.

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.

(b) Share options

At 30 June 2017, the following options for ordinary shares in Xped Limited were on issue:

	2017 Number	**2016 Number**
Listed options (XPEOC) (i)	204,508,980	-
Listed options (XPEOB) (ii)	-	189,228,510
Unlisted Options (iii)	60,000,000	30,000,000
Employee unlisted options (iv)	-	1,100,000
Management performance shares Class A (v)	-	50,000,000
Management performance shares Class B (v)	-	50,000,000
Management performance shares Class C (v)	-	50,000,000
2 for 1 consolidation (vi)	(132,254,416)	-
	132,254,564	370,328,510

(i) Options issued on 27 January 2017 with an exercise price of $0.10 (post-consolidation) and expiring 31 December 2018 as approved by shareholders on 19 January 2017.
- 94,508,980 Bonus Options issued under a Share Purchase
- 35,000,000 Options issue to L1 Capital Global Opportunities Trust in respect of the Convertible Notes
- 75,000,000 Options issued to professional advisors in respect of the Share Purchase Plan

(ii) 189,228,510 listed options (ASX: XPEOB) were exercised at an exercise price of $.015.

(iii) 30,000,000 Options issued to Seneca Financial Services Pty Ltd on 7 September 2016 in consideration for services provided to Xped Limited. Options expire 7 September 2017 with an exercise price of $0.10 (post-consolidation)

(iv) Unlisted employee options expired 15 December 2016

(v) 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. These shares were cancelled on 5 January 2017 following shareholder approval on 30 November 2016.

(vi) Two for one share consolidation on 9 June 2017 as approved by shareholders on 30 May 2017.

20. Reserves and accumulated losses

	2017 $	2016 $
(a) Reserves		
Share based payment reserve	663,000	2,094,730
Movements:		
Balance at beginning of year	2,094,730	-
Share-based payments expense (i)	573,000	2,094,730
Cancellation of Class A Performance Shares (ii)	(700,000)	-
Cancellation of Class B Performance Shares (ii)	(650,000)	-
Cancellation of Class C Performance Shares (ii)	(650,000)	-
Expiry of employee share based payments	(4,730)	-
Balance at end of year	663,000	2,094,730
(b) Accumulated losses		
Movements:		
Balance at beginning of year	(5,329,478)	(2,242,656)
Adjustment to opening balance	22,504	-
Loss for the year	(11,853,736)	(3,086,822)
Cancellation of Class A Performance Shares	700,000	-
Cancellation of Class B Performance Shares	650,000	-
Cancellation of Class C Performance Shares	650,000	-
Expiry of employee share based payments	4,730	-
Balance at end of year	(15,155,980)	(5,329,478)

(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.

21. Remuneration of auditors

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

	2017 $	2016 $
(a) Pitcher Partners		
Audit services		
Audit and review of financial reports	87,000	40,000
Other assurance services	5,000	-
Financial due diligence	79,000	20,000
Taxation services		
Tax and other services	169,000	101,320
Total remuneration	340,000	161,320
(b) Bentleys (SA)		
Audit services		
Audit and review of financial reports	-	-
Taxation services		
Tax and other services	-	3,000
Total remuneration	-	3,000

22. Key management personnel

	2017 $	2016 $
(a) Key management personnel compensation		
Salary and fees	2,134,417	364,049
Post-employment benefits	-	3,563
	2,134,417	367,612

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
During the period, Electro Cad Australia Pty Ltd, an entity controlled by John Schultz, provided supplies and services to Xped Limited. $192,714 (June 2016: $165,744) has been expensed during the year in relation to these services, $1,876 payable as at 30 June 2017.

There were no other transactions with key management personnel other than reimbursement of expenses incurred by them in performing their respective duties. All transactions were on an arm's length basis.

23. Cash flow information

	2017 $	2016 $
Reconciliation of loss after income tax to net cash outflow from operating activities		
Loss for the year	(11,853,736)	(3,086,822)
<u>Non-cash items in profit or loss</u>		
Impairment of development costs	-	4,392,985
Loans forgiven	-	(5,726,630)
Depreciation	339,607	12,265
Impairment	4,972,914	1,606,448
Share based payment expense	673,000	-
Interest on Convertible notes	476,227	-
Gain on sale of asset	4,944	-
<u>Change in operating assets and liabilities</u>:		-
(Increase)/decrease in trade or other receivables	(1,027,329)	371,351
(Increase)/decrease in inventory	9,852	-
(Increase)/decrease in other financial assets	(140,000)	(4,914)
(Increase)/decrease in other current assets	(159,767)	(125,170)
Increase/(decrease) in trade and other payables	49,712	105,066
Increase/(decrease) in provisions	638,294	71,774
Net cash outflow from operating activities	(6,016,284)	(2,383,647)

24. Earnings per share

	2017 Cents	2016 Cents
(a) Basic and diluted earnings per share		
Loss attributable to the ordinary equity holders of the company	(1.10)	(0.57)

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

	2017 Number	2016 Number
Number used in calculating basic and diluted earnings per share	1,080,746,847	537,387,465

(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.

25. 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 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 30 June 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)	-	-	-
15/12/2011	15/12/2016	$0.100	425,000	(425,000)	-	-	-
15/12/2011	15/12/2016	$0.125	100,000	(100,000)	-	-	-
15/12/2011	15/12/2016	$0.150	100,000	(100,000)	-	-	-
Weighted average exercise price			$0.094	$0.094			

Performance shares were grant to Mr Martin Despain as follows:

- Performance Shares A: 6,250,000* on the company generating and receiving at least $3 million in revenue within 24 months of his commencement date; and
- Performance Shares B: 6,250,000* on the company generating and receiving at least $6 million in revenue within 24 months of his commencement date; and
- Performance Shares C: 6,250,000* on the company generating and receiving at least $12 million in revenue within 24 months of his commencement date; and
- Performance Shares D: 6,250,000* on the company generating and receiving at least $20 million in revenue within 24 months of his commencement date; and

Mr. Despain must remain engaged by the company under the terms of his agreement at the time of satisfaction of the milestones to be eligible for the bonuses.

26. Business Combinations

a. Acquisition of JCT Healthcare Group

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:

	Fair Value $
Purchase consideration	
Cash paid or payable	2,360,237
Contingent consideration 12 months from completion (milestone 1)	500,000
Contingent consideration 18 months from completion (milestone 2)	476,192*
Contingent consideration 24 months from completion (milestone 3)	453,515*
	3,789,944

**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
Plant and equipment	100,659
Trade and other payables	(380,072)
Income in advance	(407,856)
Provisions	(85,542)
Current tax liabilities	21,586
Borrowings	(299,020)
Net identifiable assets acquired	**(379,158)**
Goodwill	**4,169,102**
	3,789,944

26. Business Combinations (continued)

Goodwill
The goodwill attributed to JCT was impaired during the current period. Goodwill will not be deductible for tax purposes.

Deferred Consolidation
$1,000,000 is payable to the seller within 10 days after the period ended 12 months after the completion. The amount payable, at the election of the seller, may be satisfied by the issue and allotment to the seller of Xped Ltd shares. These subsequent consideration shares will not be subject to any voluntary escrow.

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 1st 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 1st 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 1st 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 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.

(i) Revenue and profit contribution

The acquired JCT Healthcare Pty Ltd business contributed revenues of $1,827,240 and net loss of $1,674,373 to the group for the period from 4 July 2016 to 30 June 2017.

If the acquisition had occurred on 1 July 2016, consolidated pro-forma revenue and profit of the year ended 30 June 2017 would have been $1,827,240 and $1,674,373 respectively.

(ii) Acquisition related costs

Acquisition related costs of $26,173 that were not directly attributable to the issue of shares are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows.

b. Acquisition of Jemsoft Pty Ltd

On 19 May 2017 Xped Limited acquired 100% of the issued shares in Jemsoft Pty Ltd and 56% of Media Intelligence Co Pty Ltd. Jemsoft is a computer vision and machine learning company providing industry leading technology to global enterprise and developers. As part of this acquisition, Xped Limited also acquired a 56% ownership interest in Media Intelligence Co Pty Ltd ("MIC"), a company that builds and implements artificially intelligent technologies that supplement media research and analytics systems for customers operating in the marketing sector.

26. Business Combinations (continued)

Details of the purchase consideration, net assets acquired and goodwill are as follows:	**Fair Value $**
Purchase consideration	
Cash paid	200,000
Shares issued	700,000
	900,000

The fair value of 50,000,000 ordinary shares issued as part of the consideration paid for Xped Limited was based on the closing share price of $0.014 on 19 May 2017, the date the acquisition was completed.

The assets and liabilities recognised as a result of the acquisition are as follows:	
Cash and cash equivalents	197,253
Trade and other receivables	217,945
Trade and other payables	(264,562)
Provisions	(14,124)
Borrowings	(51,755)
Net assets	84,757
Less: Non-controlling interest in net assets	(18,361)
Xped's interest in net assets acquired	**66,396**
Customer contract intangible	42,560
Deferred tax liability	(12,768)
Net identifiable assets acquired	**96,188**
Goodwill	**803,812**
	900,000

(i) Goodwill

The goodwill attributed to Jemsoft Pty Ltd was impaired during the current period. Goodwill will not be deductible for tax purposes.

(ii) Accounting policy choice for non-controlling interests

The group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Media Intelligence Co Pty Ltd, the group has elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

(iii) Revenue and profit contribution

The acquired business contributed revenues of $210,500 and a net loss of $19,407 to the group for the period from 19 May 2017 to 30 June 2017.

If the acquisition had occurred on 1 July 2016, consolidated pro-forma revenue and net profit of the year ended 30 June 2017 would have been $1,008,000 and $89,396 respectively.

(iv) Acquisition related costs

Acquisition related costs of $24,790 that were not directly attributable to the issue of shares are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows.

(v) Provisional accounting

The assets acquired and liabilities assumed have been accounted for on a provisional basis.

26. Business Combinations (continued)

c. Purchase consideration – cash outflows

	2017 $	2016 $
Outflow of cash to acquire subsidiaries, net of cash acquired		
Cash consideration paid – JCT Healthcare Pty Ltd	1,316,800	-
Cash consideration paid – Jemsoft Pty Ltd	200,000	-
Total cash consideration paid	1,516,800	-
Less: Balances acquired		
Cash	240,675	-
Bank overdraft	-	-
	240,675	-
Net outflow of cash – investing activities	**1,276,125**	**-**

27. 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 in the prior year. 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 for the Group are from 23 March 2016.

a) Summary financial information
The individual financial statements for the parent entity, Xped Limited, show the following aggregations.

	2017 $	23 March 2016 to 30 June 2016 $
Results		
Profit / (loss) for the year	214,748	(2,163,561)
Total comprehensive loss for the year	214,748	(2,163,561)
Financial Position		
Current assets	7,529,241	9,539,484
Non-current assets	14,457,752	3,310,308
	21,986,993	12,849,792
Current liabilities	935,676	459,270
Non-current liabilities	-	-
	935,676	459,270
Net Assets	21,051,317	12,390,522
Contributed equity	22,337,130	12,459,353
Share-based payments reserve	663,000	2,094,730
Accumulated losses	(1,948,813)	(2,163,561)
	21,051,317	12,390,522

b) Guarantees entered into by the parent entity
Xped Limited has not guaranteed the debts of the other subsidiaries in the Group.

c) Contingent liabilities of the parent entity
The parent entity did not have any contingent liabilities as at 30 June 2017.

d) Contractual commitments for capital expenditure
The parent entity did not have any contractual commitments for capital expenditure as at 30 June 2017.

28. Commitments

Operating leases

	2017 $	2016 $
Within one year	120,533	22,689
Later than one year but not later than five years	180,404	7,563
Later than five years	-	-
	300,937	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	675,000	280,000
Later than one year but not later than five years	-	-
Later than five years	-	-
	675,000	280,000

29. Controlled entities

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) 2017 %	Equity holding (1) 2016 %
Xped Holdings Ltd	Australia	Ordinary	100	100
Xped Corporation Pty Ltd	Australia	Ordinary	100	100
Xped USA Holdings Pty Ltd	Australia	Ordinary	100	100
Panax Holdings Pty Ltd	Australia	Ordinary	100	100
Scopenergy Pty Ltd	Australia	Ordinary	100	100
Scopenergy Petroleum Pty Ltd (2)	Australia	Ordinary	100	100
Osiris Energy Ltd	Australia	Ordinary	100	100
JCT Healthcare Pty Ltd	Australia	Ordinary	100	-
Jackson Care Pty Ltd	Australia	Ordinary	100	-
Jemsoft Pty Ltd	Australia	Ordinary	100	-
Media Intelligence Co Pty Ltd	Australia	Ordinary	56	-
Xped Global Pte Ltd	Singapore	Ordinary	100	100
Panax Geothermal (Singapore) No.1 Pte Ltd	Singapore	Ordinary	100	100
Panax Geothermal (Singapore) No. 2 Pte Ltd	Singapore	Ordinary	100	100
Panax Geothermal (Singapore) No. 3 Pte Ltd	Singapore	Ordinary	100	100
Xped USA LLC	USA	Ordinary	100	100
Raya HK Limited	Hong Kong	Ordinary	100	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.

30. 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

	2017 $	2016 $
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	-	-

On 16th January 2017 KS Orka completed acquisition of Sokoria Geothermal Project. Under the terms of the SPA Xped will receive the nominal amount of $1 USD. An additional payment of up to $947,368 USD will become payable within 30 days of KS Orka issuing notification of intent to develop project. Refer to note 10 for current receivable.

(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 in a prior year. The Group will look to divest its impaired projects moving forward.

31. 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:

- In July 2017, 568,676,908 bonus options were issue at an issue price of $0.001, exercisable at $0.04 each and expiring on 18 January 2018 raising $568,679.
- On 4 July 20107 Xped issued 25,773,196 fully paid ordinary shares and paid $500,000 in cash in accordance with the JCT Group Acquisition Agreement for Subsequent Consideration Shares which were payable 12 months from the date of acquisition..
- In August 2017, JCT won a $649,000 tender with Renewal SA. This is for the supply, installation and support of assistive technologies to approximately 30 properties.
- In August 2017, Xped signed an agreement with Eastool Solution (Eastool) in Malaysia to provide local support for Malaysia and the surrounding region. Eastool provides Xped with local business development, technical, and logistical support. Xped is pursuing opportunities to sell its Smart Home Solution within this region.
- On 23 August 2017, the company repaid the aggregate Face Value of the outstanding convertible securities from Tranche 1A including accrued interest of $1,081,666.
- On 25 August 2017, the Company completed a placement of 250,000,000 shares at 1.2c to raise $3m, capital.
- In September 2017, Xped exhibited at the CEDIA 2017 tradeshow in San Diego, USA. Xped attended with Solekai Systems and promoted its Smart Home and Smart Building Solutions (Featuring ADRC).
- On 4 September 2017, Mr. Peter Hunt joined the Xped Board as Non-Executive Chairman. Mr. Lekkas resigned as Chairman and continued on the Board as Director, and is capacity as CEO.

XPED LIMITED

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:

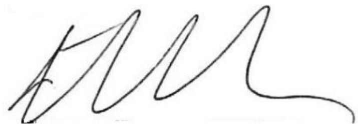
  (i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  (ii) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended 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.

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.



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Athan Lekkas
Director

Brisbane
29 September 2017

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NIGEL BATTERS
COLE WILKINSON
SIMON CHUN
JEREMY JONES

Independent Auditor's Report to the Directors of Xped Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Xped Limited "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
Acquisition of businesses (JCT & Jemsoft) ***Refer to Notes 1 and 26 in the Annual Report***	
During the year Xped Limited acquired a 100% interest in JCT Healthcare Pty Ltd and Jackson Care Technologies Pty Ltd ("JCT Group") as well as a 100% Jemsoft Pty Ltd, which included a 56% interest in Media Intelligence Co Pty Ltd ("Jemsoft Group") during the year. Both are considered as significant purchases for the Group. Accounting for these transactions is a complex and judgemental exercise, requiring management to determine the fair value of consideration transferred, acquired assets and liabilities, in particular determining the allocation of purchase consideration to goodwill and separately identifiable intangible assets such as customer contracts and relationships. It is due to the size of the acquisition and the estimation process involved in accounting for it that this is a key area of audit focus.	Our procedures included, amongst others: • Obtaining an understanding of the key controls associated with identifying and accounting for business acquisitions within the financial statements; • Reading the sale and purchase agreements to understand key terms and conditions; • Evaluating the assumptions and methodology in management's value-in-use models, such as forecast revenues, operating costs and contributory assets, used to determine the fair value of the tangible and intangible assets acquired. • Comparing the valuation assumptions with external benchmarks (for example discount rates) and assessing management's assumptions and judgements based on our knowledge of the Group and its industries; • Assessing the adequacy of the Group's disclosures in respect of business acquisitions.

Key audit matter	How our audit addressed the matter
Carrying value of intangible assets, including goodwill ***Refer to Notes 1, 14 and 26 in the Annual Report***	

Goodwill arising on the acquisitions completed during the year, as disclosed in Note 26, was $4,169,102 for the JCT Group and $803,812 for Jemsoft Group.
 	
The Group also recognises intangible assets as disclosed in Note 14 which total $2,844,066 at 30 June 2017.
 	
We have focused on this area because the value of the intangible assets are material and the evaluation of the recoverable amount of these assets requires significant judgement in determining the key assumptions supporting the expected future cash flows of the business and the utilisation of the relevant assets.
	Our procedures included, amongst others:
	
	• Obtaining an understanding of the key controls associated with the preparation of the valuation model used to assess the recoverable amount of Xped's cash generating units;
	
	• Critically evaluating management's methodology and their documented basis for key assumptions utilised in the valuation model;
	
	• Assessing and challenging:
	  ○ the identification of cash generating units, including the allocation of goodwill to the cash generating units;
	  ○ the key assumptions for long-term growth rates in the forecast cash flows by comparing them to historical results, economic and industry forecasts; and
	  ○ the discount rate applied;
	
	• Checking the mathematical accuracy of the cash flow model, agreeing forecast cash flows to the latest Board approved forecasts and assessing the historical accuracy of forecasting by Xped;
	
	• Performing sensitivity analysis on the key drivers of growth rates used in the cash flow forecasts and the discount rate used; and
	
	• Assessing management's consideration of the sensitivity to a change in key assumptions that both individually or collectively would be required for assets to be impaired and considered the likelihood of such a movement in those key assumptions arising.

Key audit matter	How our audit addressed the matter
Inventory Provision ***Refer to Notes 1 and 12 in the Annual Report***	
We have focused on this area because the value of the inventory being material and the evaluation of the recoverable amount, given the specialised nature of inventory, requires significant judgement.	Our procedures included, amongst others: • Attending the company's stocktake and identified items which appeared to be slow moving and subsequently assessed these items for potential impairment; • Obtaining an understanding and assessed the key controls and processes associated with identifying slow moving and obsolete inventory and adjustments made by management; • Assessing historical sales history and consideration of the ability of the company to realise existing stock holdings through use or sale; • Evaluating the assumptions and methodology in management's assessment of stock obsolescence; and • Assessing the adequacy of the disclosure in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the Corporate Directory, Directors' Report, Corporate Governance Practices & Conduct and ASX Additional Information which was obtained as at the date of our audit report, and any additional other information that will be included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the additional other information in the Annual Report not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgment to determine the appropriate action to take.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 15 of the Directors' Report for the year ended 30 June 2017. In our opinion, the Remuneration Report of Xped Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Pitcher Partners

PITCHER PARTNERS

NIGEL BATTERS

Partner Dated: 29 September 2017

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 19 September 2017.

Twenty Largest Shareholders

Rank	Name of Holder	No. of ordinary shares held	Issued Capital %
1	JK GROUP AUSTRALIA PTY LTD <JK FAMILY A/C>	140,288,321	9.47%
2	ALANTICX TECHNOLOGIES PTY LTD <ALANTICX A/C>	112,732,700	7.61%
3	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LTD <NO 1 ACC>	36,080,248	2.43%
4	DALEXT PTY LTD <DALEXT UNIT A/C>	28,077,273	1.89%
5	BERNARD EDWARD JACKSON <EDDIE JACKSON FAMILY A/C>	25,773,196	1.74%
6	JORDAN ANTHONY GREEN & EMILY LAUREN RICH <ZANZIBAR NVESTMENT>	25,000,000	1.69%
7	PHILLIP CARRIG	10,148,936	0.68%
8	MISS LAN DAI	9,000,000	0.61%
9	CELTIC CAPITAL PTE LTD <INVESTMENT 1 A/C>	8,916,834	0.60%
10	THYA PTY LTD	8,550,000	0.58%
11	GXB PTY LTD	8,333,333	0.56%
12	SYNERGY PRACTICE COMPANY PTY LTD <SYNERGY S/F A/C>	8,166,950	0.55%
13	MRS DUANRONG ZHANG	8,000,000	0.54%
14	MR IVAN IVANOV	7,639,298	0.52%
15	PAN AUSTRALIAN NOMINEES PTY LIMITED	7,624,607	0.51%
16	MR MICHAEL PAUL PARTINGTON	7,394,722	0.50%
17	MR YIN KIAN CHOONG <JDE SUPER FUND A/C>	7,255,080	0.49%
18	CMC MARKETS STOCKBROKING NOMINEES PTY LIMITED <ACCUM A/C>	7,174,227	0.48%
19	CITICORP NOMINEES PTY LIMITED	6,949,104	0.47%
20	TOWNS CORPORATION PTY LTD <PAE FAMILY A/C>	6,625,000	0.45%
	Totals	**479,729,829**	**32.37%**
	Total Issued Capital	**1,481,813,274**	**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>	140,288,321	9.47%
ALANTICX TECHNOLOGIES PTY LTD <ALANTICX A/C>	112,732,700	7.61%

Distribution of member holdings

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	210	28,266	0.00%
1,001 - 5,000	91	317,104	0.02%
5,001 - 10,000	123	932,326	0.06%
10,001 - 100,000	2,407	106,151,841	7.16%
100,001 - 9,999,999,999	1,542	1,374,383,737	92.75%
Totals	**4,373**	**1,481,813,274**	**100.00%**

The number of security investors holding less than a marketable parcel of securities is 1,848 with a combined total of 37,487,971 securities.

Voting Rights

All shares carry one vote per share without restriction.

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& CORPORATE OFFICE

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