

Appendix 4E

Preliminary final report

REPORTING PERIOD

The financial information contained in this report is for the year ended 30 June 2018. Comparative amounts, unless otherwise indicated, are for the year ended 30 June 2017.

RESULTS FOR ANNOUNCEMENT TO THE MARKET (UNAUDITED)

	Change	% Change		\$
Revenues from ordinary activities and other income	down	9.7%		3,784,887
Loss from ordinary activities after tax attributable to members of Xped Limited	down	28.6%		8,458,493
Net Loss attributable to members of Xped Limited	down	27.6%		8,583,493
Dividends (distributions) (The Company does not propose to pay dividends)	N/A	N/A		Nil

COMMENTARY ON THE RESULTS FOR THE YEAR

The revenues from ordinary activities decreased due to reduced sales in JCT Healthcare Pty Ltd and a gain on contingent consideration payable for the JCT purchase reported in 2017. The loss from ordinary activities has decreased compared to prior year.

AUDIT

This report is based on accounts which are in the process of being audited.

NET TANGIBLE ASSET BACKING PER SHARE

	2018 (Cents)	2017 (Cents)
Net tangible asset (liability) backing per ordinary share	0.25	0.41

Xped Limited
Unaudited Consolidated Statement of Comprehensive Income
For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue and other income from continuing operations	3	3,784,887	4,191,846
Materials		(1,041,569)	(2,289,801)
Employee and contracting expenses		(3,136,776)	(518,776)
Finance costs		(727,805)	(697,149)
Directors fees		(1,074,334)	(1,421,077)
Consulting and advisory fees		(629,318)	(2,078,929)
Occupancy costs		(238,618)	(209,535)
Travel		(171,956)	(617,297)
Marketing and Promotion		(101,771)	(320,510)
Professional and Legal fees		(552,770)	(965,269)
Patents and Trademarks		(183,103)	(14,840)
Depreciation and amortisation		(358,155)	(339,607)
Impairment of other receivables		(400,000)	-
Impairment expense		(3,678)	(4,972,914)
Impairment of development costs		(2,741,984)	-
Foreign currency gain (loss)		4,277	(27,206)
Other expenses		(505,401)	(1,572,672)
Rehabilitation expense		(395,983)	-
Loss on sale of assets		(1,136)	-
Loss before income tax		(8,475,193)	(11,853,736)
Income tax benefit / (expense)		12,768	-
Loss for the year		(8,462,425)	(11,853,736)
Other comprehensive income		(125,000)	-
Total comprehensive income		(8,587,425)	(11,853,736)
Loss attributable to:			
Owners of the parent		(8,458,493)	(11,853,736)
Non-controlling interests		(3,932)	-
		(8,462,493)	(11,853,736)
Total comprehensive income attributable to:			
Owners of the parent		(8,583,493)	(11,853,736)
Non-controlling interests		(3,932)	-
		(8,587,425)	(11,853,736)
Earnings per share for loss attributable to ordinary equity holders of the company		Cents	Cents
Basic and diluted loss per share	16	(0.59)	(1.10)

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

Xped Limited
Unaudited Consolidated Statement of Financial Position
As at 30 June 2018

	Notes	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	4	2,372,208	6,234,199
Other financial assets	5	900,668	890,000
Trade and other receivables	6	403,879	277,524
Other current assets	7	183,786	355,257
Inventory	8	524,739	372,034
Total current assets		4,385,280	8,129,014
Non-current assets			
Other financial assets	5	125,000	-
Other receivables	6	1,250,000	1,300,000
Plant and equipment		96,728	359,152
Intangible assets	9	58,527	2,844,066
Total non-current assets		1,530,255	4,503,218
TOTAL ASSETS		5,915,535	12,632,232
Current liabilities			
Trade and other payables	10	536,262	2,186,480
Borrowings	11	109,419	1,498,695
Provisions	12	850,421	1,024,807
Income in advance		333,742	-
Total current liabilities		1,829,844	4,709,982
Non-current liabilities			
Borrowings	11	226,456	228,030
Provisions	12	19,484	56,032
Deferred tax liabilities		-	12,768
Total non-current liabilities		245,940	296,830
TOTAL LIABILITIES		2,075,784	5,006,812
NET ASSETS		3,839,751	7,625,420
EQUITY			
Contributed equity	13	26,891,949	22,071,943
Reserves	14	538,000	663,000
Accumulated losses	14	(23,614,472)	(15,155,979)
Owners of the parent		3,815,477	7,578,964
Non-controlling interests		24,274	46,456
TOTAL EQUITY		3,839,751	7,625,420

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

Xped Limited
Unaudited Consolidated Statement of Changes in Equity
For the year ended 30 June 2018

	Contributed Equity	Other Reserves	Accumulated Losses	Non-controlling Interest	Total
	\$	\$	\$	\$	\$
2018					
Balance at 1 July 2017	22,071,943	663,000	(15,155,979)	46,456	7,625,420
Adjustment to opening balance	-	-	-	8,750	8,750
Loss for the year	-	-	(8,458,493)	(3,932)	(8,462,425)
Other comprehensive income	-	(125,000)	-	-	(125,000)
Total comprehensive income for the year	22,071,943	538,000	(23,614,472)	51,274	(953,255)
Transactions with owners in their capacity as owners:					
Dividends paid to non-controlling interests	-	-	-	(27,000)	(27,000)
Ordinary shares issued by private placement	3,000,000	-	-	-	3,000,000
Ordinary shares issued on conversion of convertible security	750,300	-	-	-	750,300
Bonus options issued on pro-rata offer	568,678	-	-	-	568,678
Ordinary shares issued during the year through exercise of listed options	700	-	-	-	700
Fair value of ordinary shares issued as subsequent consideration for JCT purchase	500,000	-	-	-	500,000
Fair value of ord. shares issued for investment in Market Place Services Pty Ltd	250,000	-	-	-	250,000
Cost of share issue	(249,672)	-	-	-	(249,672)
Balance at 30 June 2018	26,891,949	538,000	(23,614,472)	24,274	3,839,751
2017					
Balance at 1 July 2016	13,395,086	2,094,730	(5,329,478)	-	10,160,338
Adjustment to opening balance	-	-	22,505	-	22,505
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	(17,160,709)	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	(15,155,979)	46,456	7,625,420

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

Xped Limited
Unaudited Consolidated Statement of Cash Flows
For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Customer receipts		1,490,807	2,081,337
Interest received		40,482	66,706
Interest paid		(20,839)	(27,148)
Government Grants and R&D incentives received		2,460,985	837,473
Payments to suppliers and employees		(8,950,110)	(8,835,392)
Income tax refund (paid)		183,448	(139,259)
Net cash outflow from operating activities	15	<u>(4,795,227)</u>	<u>(6,016,284)</u>
Cash flows from investing activities			
Payments for development costs		-	(2,784,707)
Payments for plant and equipment		(55,085)	(66,940)
Proceeds from sale of plant and equipment		727	69,436
Payments for term deposits		-	96,333
Payment for intangibles		-	-
Payment for acquisition of subsidiaries net cash acquired	17	(500,000)	(1,276,125)
Payment for convertible notes		(350,000)	-
Net cash inflow/(outflow) from investing activities		<u>(904,358)</u>	<u>(3,962,002)</u>
Cash flows from financing activities			
Repayment of finance lease and loans		(271,471)	(522,387)
Repayment of insurance funding loan		(91,307)	-
Proceeds from borrowings		-	551,654
Dividend paid to NCI		(27,000)	-
Repayment of convertible notes		(1,081,664)	-
Issue of shares		3,000,700	8,032,212
Issue of Bonus Options		568,677	-
Share issue costs		(249,673)	(455,355)
Net cash inflow / (outflow) from financing activities		<u>1,848,262</u>	<u>7,606,124</u>
Net increase / (decrease) in cash and cash equivalents		(3,851,323)	(2,372,163)
Cash and cash equivalents at the beginning of the year		7,124,199	9,496,362
Cash and cash equivalents at the end of the year*	5	<u>3,272,876</u>	<u>7,124,199</u>

* 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 2018 the Group held, in addition to cash and cash equivalents, \$900,668 (2017: \$890,000) in term deposits. Refer to note 5.

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

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements relate to the consolidated entity consisting of Xped Limited and its subsidiaries.

(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 Australian Accounting Standards 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 2.

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.

2. 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.

2. Critical accounting estimates and judgements (continued)

Recoverability and classification of Other Receivable from K.S Orka

The Group has a receivable in relation to an additional payment from the sale of its interest in PT Sokoria Geothermal Indonesia. The payment of the receivable under the Payment Commitment Agreement between Xped Limited and KS Orka Renewables Pte. Ltd. ('KS Orka') is triggered by KS Orka's Notice of Intent to Develop ('NOID') which is to be approved by PT PLN (Persero) under the Power Purchase Agreement ('PPA'). The Payment Multiple under the Payment Commitment Agreement is a factor of the Total Committed Capacity (as specified in the NOID) and the final negotiated Base Power Price per the PPA.

This receivable is carried at amortised cost less accumulated impairment. Management have held discussions with KS Orka in relation to the current status of the project. After taking into consideration the timing and final amount to be paid management estimate the recoverable amount at 30 June 2018 to be \$900,000. Any material change in the status of the project may result in a material change in the receivable to be recovered. This receivable has been classified as non-current at 30 June 2018 due to uncertainty in the timing of final settlement.

	2018 \$	2017 \$
3. Revenue and other income		
Interest revenue	38,459	66,706
Sales receipts	1,285,443	1,908,667
R and D tax concession	2,266,190	64,803
Grant	194,795	651,670
Gain on contingent consideration payable	-	1,500,000
	<u>3,784,887</u>	<u>4,191,846</u>
4. Cash and cash equivalents		
Cash at bank and on hand	<u>2,372,208</u>	<u>6,234,199</u>
5. Other financial assets		
Current		
Term deposits	<u>900,668</u>	<u>890,000</u>
<p>Term deposits as at 30 June 2018 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, South Australian Government (PIRSA) of \$100,000 for the Limestone Coast tenements and \$10,668 for a rental guarantee. The term deposits are recognised and measured as held-to-maturity financial assets.</p>		
<i>Reconciliation of cash and cash equivalents at year end:</i>		
Cash at bank and on hand	2,372,208	6,234,199
Term deposits	900,668	890,000
Cash and cash equivalents per cash flow statement	<u>3,272,876</u>	<u>7,124,199</u>
Non-current		
Available for sale financial assets (at fair value)	<u>125,000</u>	-

	2018 \$	2017 \$
6. Trade and other receivables		
Current		
Trade debtors	372,571	95,240
Accrued income	2,058	150,000
Other receivables	29,250	32,284
	<u>403,879</u>	<u>277,524</u>
Non-current		
Notes receivable	350,000	-
Other receivables	900,000	1,300,000
	<u>1,250,000</u>	<u>1,300,000</u>
<p>Other non-current receivables includes a receivable from K.S.Orka of \$1.3 million net of a provision for impairment of \$400,000. The carrying amount of the receivable from K.S.Orka is \$900,000 (30 June 2017: \$1,300,000). The \$400,000 impairment charge was recognised in profit or loss as 'impairment of other receivables'. Current other receivables represent GST amounts awaiting reimbursement from Australian Taxation Office and accrued interest.</p>		
7. Other current assets		
Prepayments	183,786	171,809
Income tax paid	-	183,448
	<u>183,786</u>	<u>355,257</u>
8. Inventory		
Inventory	1,158,739	1,006,034
Less provision for obsolescence	(634,000)	(634,000)
	<u>524,739</u>	<u>372,034</u>
9. Intangible assets		
Development costs	-	2,741,984
Customer contract	-	42,510
Patents and Trademarks	57,826	57,826
Formation costs	701	1,746
	<u>58,527</u>	<u>2,844,066</u>
10. Trade and other payables		
Current		
Trade payables	214,915	1,023,024
Accruals	122,292	115,237
Other payables	199,025	74,866
JCT acquisition consideration payable	-	970,000
Total trade and other payables	<u>536,262</u>	<u>2,186,480</u>

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

	2018 \$	2017 \$
11. Borrowings		
<i>Current</i>		
Credit Card	-	8,392
Insurance premium funding	109,419	63,832
Finance Lease	-	271,471
Convertible Security	-	1,155,000
Total current borrowings	<u>109,419</u>	<u>1,498,695</u>
<i>Non-current</i>		
Loan	<u>226,456</u>	<u>228,030</u>

12. Provisions		
Current		
Rehabilitation	700,000	675,000
Short-term employee benefits	150,422	119,807
Provision for onerous contract	-	230,000
Total current provisions	<u>850,421</u>	<u>1,024,807</u>
Non-current		
Employee benefits	<u>19,484</u>	<u>56,032</u>

The provision for rehabilitation relates to 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 2019 financial year.

	2018 No.	2017 No.
13. Contributed equity		
Ordinary shares – fully paid	<u>1,506,830,774</u>	<u>1,158,556,729</u>
(a) Movements in equity	No. of Shares	\$
Balance at 1 July 2017	1,158,556,729	22,071,943
Issue of share as subsequent consideration for JCT purchase (i)	25,773,196	500,000
Issue of shares by private placement (ii)	249,999,998	3,000,000
Issue of shares for investment in Market Place Services Pty Ltd (iii)	25,000,000	250,000
Issue of shares on conversion of Convertible Note	47,483,351	750,300
Issue of shares on exercise of options	17,500	700
Bonus Options issued (iv)	-	568,678
Share issue expenses	-	(249,672)
Balance at 30 June 2018	1,506,830,774	26,891,949

13. Contributed equity (continued)

(b) Share options

At 30 June 2018, the following options for ordinary shares in Xped Limited were on issue:

	2018 Number	2017 Number
Listed options (XPEOC) (v)	127,254,564	102,254,564
Unlisted Options (vi)	-	30,000,000
	127,254,564	132,254,564

- (i) Shares issued on 4 July 2017 in accordance with the JCT Group Acquisition Agreement for Subsequent Consideration Shares which were payable 12 months from date of acquisition
- (ii) Shares issued in private placement on 30 August 2017
- (iii) Shares issued on 7th December 2017 for 5.5% interest in Market Place Services Pty Ltd.
- (iv) 568,679,000 Listed options (ASX: XPEOD) issued under a Bonus Options Offer and Bonus Options Offer Shortfall at an issue price of \$0.001 and exercise price of \$0.04 expired 18 January 2018.
- (v) Listed options with an exercise price of \$0.10 and expiring 31 December 2018:
 - 102,254,564 Options issued on 27 January 2017.
 - 25,000,000 Options issued to Armada Capital on 30 August 2017 in consideration for services.
- (vi) 15,000,000 Options issued to Seneca Financial Services Pty Ltd on 7 September 2016 with an exercise price of \$0.10, expired 7 September 2017.
15,000,000 Options with various exercise prices from \$0.035 to \$0.065 issued on 18 January 2016 expired 18 January 2018.

	2018 \$	2017 \$
14. Reserves and accumulated losses		
(a) Reserves		
Other reserves	538,000	663,000
Movements:		
<i>Share based payments reserve</i>		
Balance at beginning of year	663,000	2,094,730
Share-based payments expense	-	573,000
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	663,000	663,000
<i>Available for sale reserve</i>		
Balance at beginning of year	-	-
Fair value change in investments	(125,000)	-
Balance at end of year	(125,000)	-
(b) Accumulated losses		
Movements:		
Balance at beginning of year	(15,155,979)	(5,329,478)
Adjustment to opening balance	-	22,505
Loss for the year	(8,458,493)	(11,853,736)
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	(23,614,472)	(15,155,979)

14. Reserves and accumulated losses (continued)

Nature and purpose of reserves

Share based payments reserve

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

Available for sale reserve

The available for sale reserve is used to recognise changes in fair value of available for sale financial assets held by the Group.

2018	2017
\$	\$

15. Cash flow information

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

Loss for the year	(8,458,493)	(11,853,736)
<u>Non-cash items in profit or loss:</u>		
Depreciation	315,645	339,824
Amortisation	42,510	-
Impairment	3,145,662	4,972,914
Share based payment expense	-	673,000
Interest on Convertible notes	706,966	476,227
Gain on sale of asset	1,136	4,944
<u>Change in operating assets and liabilities:</u>		
(Increase)/decrease in trade or other receivables	(126,355)	(1,027,330)
(Increase)/decrease in inventory	(152,705)	9,852
(Increase)/decrease in other financial assets	183,448	(140,000)
(Increase)/decrease in other current assets	114,951	(159,767)
Increase/(decrease) in trade and other payables	(678,030)	49,712
Increase/(decrease) in income in advance	333,742	-
Increase/(decrease) in provisions	(210,935)	638,294
Increase/(decrease) in other liabilities	(12,768)	-
Net cash outflow from operating activities	<u>(4,795,227)</u>	<u>(6,016,284)</u>

16. Earnings per share

2018	2017
Cents	Cents

(a) Basic and diluted earnings per share

Loss attributable to the ordinary equity holders of the company	<u>(0.59)</u>	<u>(1.10)</u>
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(b) Weighted average number of ordinary shares used as the denominator

2018	2017
Number	Number

Number used in calculating basic and diluted earnings per share	<u>1,450,775,034</u>	<u>1,080,746,847</u>
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(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.

17. Purchase consideration – cash outflows

	2018	2017
	\$	\$
Outflow of cash to acquire subsidiaries, net of cash acquired		
Cash consideration paid – JCT Healthcare Pty Ltd	500,000	1,316,800
Cash consideration paid – Jemsoft Pty Ltd	-	200,000
Total cash consideration paid	<u>500,000</u>	<u>1,516,800</u>
Less: Balances acquired		
Cash	-	240,675
Net outflow of cash – investing activities	<u>500,000</u>	<u>1,276,125</u>