

Xped Limited



Appendix 4E Preliminary Final Report

REPORTING PERIOD

The financial information contained in this report is for the year ended 30 June 2020. Comparative amounts, unless otherwise indicated, are for the year ended 30 June 2019.

RESULTS FOR ANNOUNCEMENT TO THE MARKET (UNAUDITED)

	Change	% Change	2020 \$	2019 (Restated) \$
Revenues from ordinary activities	up	28%	2,859,963	2,237,917
Loss from ordinary activities after tax	down	96%	132,755	3,783,244
Loss for the year attributable to the shareholders	down	96%	132,755	3,783,244
Revenue from continuing activities	up	28%	2,859,963	2,237,347
Loss from continuing activities after tax	down	96%	132,755	3,717,185
Loss from continuing activities attributable to the shareholders	down	96%	132,755	3,717,185
Dividends (distributions) (The Company does not propose to pay dividends)	N/A	N/A	Nil	Nil

COMMENTARY ON THE RESULTS FOR THE YEAR

Commentary on the results for the year

Revenue increased from this year to the prior year is mainly attributable to the recognition of R&D tax concession of \$1,630,695 whilst the revenue from operations decreased by 50% compared to the prior year which was mainly due to the reduction in sales as a result of the pandemic in the second half of the fiscal year 2020. The loss for the current year is substantially less than the prior year due to cost cutting measures and the curtailment of the R&D activities in the current year.

AUDIT

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

NET TANGIBLE ASSET BACKING PER SHARE

	2020 (Cents)	2019 (Restated) (Cents)
Net Tangible asset per ordinary share	(0.01)	(0.03)

Xped Limited
Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

	Note	2020 \$	2019 (Restated) \$
Revenue and other income from continuing operations	3	2,859,963	2,237,347
Cost of sales: Inventories and other cost of sales		(124,339)	(1,021,494)
Employee and contracting expenses		(1,130,718)	(2,484,155)
Finance costs		(13,527)	(40,391)
Directors fees		(166,983)	(609,992)
Consulting and advisory fees		(48,643)	(14,538)
Occupancy costs		(73,310)	(174,539)
Travel		(32,269)	(51,651)
Marketing and promotion costs		(25,095)	(110,960)
Professional and legal fees		(395,353)	(256,057)
Legal settlement fee		(443,473)	-
Patents and trademarks fees		(24,222)	(136,215)
Depreciation expense		(22,032)	(30,905)
Amortisation expense	11	(52,111)	-
Bad debt on trade receivables	6	(11,250)	-
Impairment loss on other receivables		-	(900,000)
Impairment loss on intangible assets		-	(58,526)
Impairment loss on inventory		(87,220)	250,826
Foreign currency losses		(194)	(1,256)
Rehabilitation expense		(60,408)	69,204
Gain/(loss) on sale of assets		455	(4,158)
Other expenses		(282,026)	(379,725)
		(132,755)	(3,717,185)
Loss before income tax		(132,755)	(3,717,185)
Income tax benefit		-	-
Loss from continuing operations		(132,755)	(3,717,185)
Loss from discontinued operations, net of income tax	17	-	(66,059)
Total loss for the year		(132,755)	(3,783,244)
Other comprehensive income		-	-
Total comprehensive income		(132,755)	(3,783,244)
Total loss and comprehensive income for the period attributable to:			
Owners of the parent		(132,755)	(3,783,244)
Non-controlling interests		-	-
		(132,755)	(3,783,244)
Total loss and comprehensive income for the period attributable to:			
Continuing operations		(132,755)	(3,717,185)
Discontinued operations	16	-	(66,059)
		(132,755)	(3,783,244)

Earnings per share for loss from continuing operation attributable to the shareholders of the Company

		Cents	Cents
Basic and diluted loss per share	15	(0.01)	(0.24)

Earnings per share for loss attributable to the shareholders of the Company

		Cents	Cents
Basic and diluted loss per share	15	(0.01)	(0.25)

The above unaudited consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Xped Limited
Unaudited Consolidated Statement of Financial Position
As at 30 June 2020

	Notes	2020 \$	2019 (Restated) \$
Current assets			
Cash and cash equivalents	4	370,675	1,405,831
Other financial assets	5	100,000	120,000
Trade and other receivables	6	119,813	115,836
Prepayments		61,432	124,489
Inventory	7	232,674	344,782
Total current assets		884,594	2,110,938
Non-current assets			
Plant and equipment		43,263	65,295
Right of use assets	11	28,902	-
Total non-current assets		72,165	65,295
TOTAL ASSETS		956,759	2,176,233
Current liabilities			
Trade and other payables	8	379,952	382,878
Provisions	10	545,424	252,783
Lease liabilities	12	27,883	-
Total current liabilities		953,259	635,661
Non-current liabilities			
Trade and other payable	8	-	1,634,607
Borrowings	9	261,102	260,711
Provisions	10	7,615	63,747
Total non-current liabilities		268,717	1,959,065
TOTAL LIABILITIES		1,221,976	2,594,726
NET LIABILITIES		(265,217)	(418,493)
EQUITY			
Contributed equity	12	27,177,980	26,891,949
Accumulated losses	13	(27,443,197)	(27,310,442)
TOTAL EQUITY		(265,217)	(418,493)

The above unaudited 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 2020

	Contributed Equity	Other Reserves	Accumulated Losses	Non- controlling Interest	Total
	\$	\$	\$	\$	\$
2019					
Balance at 1 July 2018	26,891,949	663,000	(24,214,472)	24,274	3,364,751
Loss for the year (restated)	-	-	(3,783,244)	-	(3,738,244)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	(3,783,244)	-	(3,783,244)
Transactions with owners in their capacity as owners:					
Expiry of options	-	(663,000)	663,000	-	-
Transfer of NCI on wind-up of company	-	-	24,274	(24,274)	-
Balance at 30 June 2019	26,891,949	-	(27,310,442)	-	(418,493)
2020					
Balance at 30 June 2019 as originally presented	26,891,949	-	(27,243,607)	-	(351,658)
Correction of error	-	-	(66,835)	-	(66,835)
Restated balance at 30 June 2019 and 1 July 2019	26,891,949	-	(27,310,442)	-	(418,493)
Loss for the year	-	-	(132,755)	-	(132,755)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	(132,755)	-	(132,755)
Transactions with owners in their capacity as owners:					
Ordinary shares issued	286,031	-	-	-	286,031
Balance at 30 June 2020	27,177,980	-	(27,443,197)	-	(265,217)

The above unaudited 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 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,223,118	2,132,763
Interest received		2,564	12,154
Interest paid		(8,338)	(4,727)
Government grants and R&D incentives received		98,000	1,681,909
Payments to suppliers and employees (inclusive of GST)		(2,563,024)	(5,454,175)
Net cash outflow from operating activities		(1,247,680)	(1,632,076)
Cash flows from investing activities			
Payments for plant and equipment		-	(3,974)
Proceeds from sale of plant and equipment		455	-
Proceeds from investment in term deposits		20,000	780,668
Net cash inflow from investing activities		20,455	776,694
Cash flows from financing activities			
Repayment of finance lease and loans		-	(110,995)
Issue of shares	12	250,000	-
Payment of borrowings		(4,800)	-
Payment of lease liability		(53,131)	-
Net cash inflow/ (outflow) from financing activities		192,069	(110,995)
Net decrease in cash and cash equivalents		(1,035,156)	(966,377)
Cash and cash equivalents at the beginning of the year	4	1,405,831	2,372,208
Cash and cash equivalents at the end of the year	4	370,675	1,405,831
Non-cash financing activities:-			
Settlement of consultancy fees by issuing 36,031,250 shares	12	36,031	-

The above unaudited 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.

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.

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. All amounts are presented in Australian Dollars unless otherwise noted.

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.

Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the "rounding off" of amounts in the directors' report and financial report. The Group has rounded off amounts in the directors' report and financial report to the nearest dollar, in accordance with that instrument.

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 2019. 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.

Rehabilitation

The Group assesses rehabilitation requirements at each reporting date by evaluating costs for closure, 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.

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.

2. Critical accounting estimates and judgements (Continued)

This receivable is carried at amortised cost less accumulated impairment. After taking into consideration the timing and final amount to be paid management estimate the recoverable amount at 30 June 2020 to be \$nil (2019: \$Nil). 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 2019 due to uncertainty in the timing of final settlement.

Inventory

The Group assesses inventory for obsolescence each reporting date by evaluating whether the carrying value of inventory items exceeds its net realisable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon. An allowance for obsolescence for the difference between the carrying value of an inventory items and its expected net realisable value.

Deferred tax assets

The Group recognises deferred tax assets only to the extent that it is probable that future taxable profits, feasible tax planning strategies and deferred tax liabilities will be available against which the tax losses can be utilized. Estimation of the level of future taxable profits is therefore required in order to determine the appropriate carrying value of the deferred tax asset. Given the Group past losses, plans to continue research and development in other indications and uncertainty of its ability to generate future taxable profit, the Group does not believe that it is more probable than not that the company can realize its deferred tax assets and therefore, it has not recognised any amount in the consolidated statements of financial position.

3. Revenue and other income from continuing operations

	2020	2019
	\$	\$
Revenue from contracts with customers:		
Revenue recognised at a point in time – sale of goods	413,365	690,156
Revenue recognised over time – projects and services	676,110	1,488,576
Interest income	2,293	11,313
R and D tax concession*	1,630,695	-
Grant revenue	137,500	47,302
	2,859,963	2,237,347

* In 2019, Xped received a Certificate of Findings under section 27J of the *Research and Development Act 1986* from the Commonwealth Department of Industry, Innovation and Science assessing that certain activities of Xped were ineligible for the R&D tax incentive for the 2017/18 income year. Certain tax deductions were deemed to be not allowable and the full amount of the tax offset of \$1,634,607 is repayable by the Company.

On 23 December 2019 the Group successfully appealed the finding and has since received a new Certificate of Findings confirming that the majority of activities were eligible. As such, the Group is not required to repay the majority of the R&D tax incentive received in relation to the 2017/18 financial year and has reversed \$1,630,695 of the payable recognised at 30 June 2020 to other income during the financial year.

4. Cash and cash equivalents

	2020	2019
	\$	\$
Cash on hand	242	240
Cash at bank	370,433	1,405,591
	370,675	1,405,831

5. Other financial asset

	2020	2019
	\$	\$
Term Deposits	100,000	120,000

Term deposits as at 30 June 2020 are held as security in favour of South Australian Government (PIRSA) of \$100,000 for the Limestone Coast tenements. As at 30 June 2019, the term deposits also included security held in favour of National Australia Bank of \$20,000 for credit cards. The term deposits are recognised and measured as amortised cost financial assets.

6. Trade and other receivables

	2020	2019
	\$	\$
Current		
Trade receivables	83,676	96,097
Bad debit on trade receivables	(11,250)	-
Interest receivable	-	271
Other receivables	47,387	19,468
	119,813	115,836
Non-current		
Other receivables – K.S. Orka	1,300,000	1,300,000
Impairment loss on other receivables	(1,300,000)	(1,300,000)
	-	-

In 2019, current other receivables represent GST amounts awaiting reimbursement from Australian Taxation Office.

The carrying amount of the receivable from K.S. Orka is \$1,300,000 (30 June 2019: \$1,300,000). The \$1,300,000 impairment charge was recognised in 2019 profit or loss as 'impairment loss on other receivables'.

7. Inventory

	2020	2019
	\$	(Restated)
	\$	\$
Inventory	703,068	727,956
Provision for obsolescence	(470,394)	(383,174)
	232,674	344,782

8. Trade and other payables

	2020	2019
	\$	(Restated)
	\$	\$
Current		
Trade payables	255,905	161,575
Accrued expenses	91,091	83,283
Other payables	32,956	138,020
	379,952	382,878
Non-current		
R&D payable	-	1,634,607

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

In 2019, Xped received a Certificate of Findings under section 27J of the *Research and Development Act 1986* from the Commonwealth Department of Industry, Innovation and Science assessing that certain activities of Xped were ineligible for the R&D tax incentive for the 2017/18 income year. Certain tax deductions were deemed to be not allowable and the full amount of the tax offset of \$1,634,607 is repayable by the Company.

8. Trade and other payables (Continued)

On 23 December 2019, the Group successfully appealed the finding and has since received a new Certificate of Findings confirming that the majority of activities were eligible. As such, the Group is not required to repay the majority of the R&D tax incentive received in relation to the 2017/18 financial year and has reversed \$1,630,695 of the payable recognised at 30 June 2020 to other income during the financial year.

9. Borrowings

	2020	2019
	\$	(Restated)
		\$
Loan – Bio SA	261,102	260,711

10. Provisions

	2020	2019
	\$	\$
Current		
Restoration and rehabilitation	30,906	52,000
Employee benefits	71,045	200,783
Provision for legal settlement	443,473	-
	545,424	252,783
Non-current		
Employee benefits	7,615	63,747

The provision for restoration and rehabilitation relates to tenement interests that the Group is required to rehabilitate land and the surrounding environment to its original condition. The remaining work is anticipated to be completed in the 2021 financial year.

The movement in provisions comprises:

	Rehabilitation	Employee benefits	Provision for legal settlement	Total
	\$	\$	\$	\$
Opening balance at 1 July 2019	52,000	264,530	-	316,530
Decrease in provision	(21,094)	(185,870)	443,473	236,509
Balance at 30 June 2020	30,906	78,660	443,473	553,039

11. Right of use assets and Lease liabilities

	Right of use assets
	\$
Right of use assets	
Carrying amount at 1 July 2018	-
Carrying amount at 30 June 2019	-
Initial adoption of AASB 16	81,013
Carrying amount at 1 July 2019	81,013
Additions	-
Amortization	(52,111)
Carrying amount at 30 June 2020	28,902

11. Right of use assets and Lease liabilities (Continued)

	2020	2019
	\$	\$
Lease liabilities		
Current lease liabilities	27,883	-
Non-current lease liabilities	-	-
Total lease liabilities	27,883	-

Total payments for leases during the year comprise the following:

Principal payments	50,588	-
Interest expense	2,773	-
Payments made in relation to lease liabilities	53,361	-

Future payments of lease liabilities, including interest, are set out below:

Due within one year	27,883	-
Due between one year and five years	-	-
Due after five years	-	-
	27,883	-

Our accounting policy and procedures for leases changed on 1 July 2019. the date we implemented AASB 16 Leases. Please refer to Note 1 for further information.

All our significant premises leases allow assignment of the lease or sublease of the premises with the approval of the landlord. All leases are under normal commercial lease terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis unless the lease transfers ownership of the underlying asset to us by the end of the lease term or the cost of the right-of-use asset reflects that we will exercise a purchase option; in these instances we depreciate the right-of-use asset over the useful life of the asset.

12. Contributed equity

	2020	2019
	No.	No.
Ordinary shares – fully paid	1,792,862,024	1,506,830,774
(a) Movements in equity	No.	\$
Balance at 30 June 2019 and 1 July 2019	1,506,830,774	26,891,949
Issue of shares by private placement (i)	250,000,000	250,000
Issue of shares (ii)	36,031,250	36,031
Balance at 30 June 2020	1,792,862,024	27,177,980

(i) 250,000,000 shares issued by private placement, raising \$250,000.

(ii) 36,031,250 shares issued for settlement of consultancy fees.

(b) Employee Share Option Scheme

The Company did not issue any share options during the financial year and there were no share options outstanding at the end of the financial year.

13. Reserves and accumulated losses

	2020	2019
	\$	(Restated)
		\$
(a) Reserves		
Share based payment reserve	-	-
The movement in the share based payment reserve comprises:		
Balance at beginning of year	-	663,000
Expiry of options, transferred to retained earnings	-	(663,000)
Balance at end of year	-	-
(b) Accumulated losses		
Accumulated losses	(27,443,197)	(27,310,442)
The movement in the accumulated losses comprises:		
Balance at beginning of year	(27,310,442)	(24,214,472)
Expiry of options, transferred from share based payments reserve	-	663,000
Loss for the year	(132,755)	(3,783,244)
Transfer of NCI on wind-up of company	-	24,274
Balance at end of year	(27,443,197)	(27,310,442)

14. Cash flow information

	2020	2019
	\$	(Restated)
		\$
<i>Reconciliation of loss after income tax to net cash outflow from operating activities:</i>		
Loss for the year	(132,755)	(3,783,244)
<u>Non-cash items in profit or loss:</u>		
Depreciation expenses	22,032	30,905
Amortisation expenses	52,111	-
Impairment loss on inventory	87,220	(250,826)
Impairment loss on other receivables	11,250	900,000
Impairment of intangible assets		58,526
Indexation of the BioSA loan	5,192	35,831
Gain on sale of assets	(455)	4,158
Settlement of creditor invoices via issue of shares	36,031	-
Other		345
<u>Change in operating assets and liabilities:</u>		
(Increase) / decrease in trade or other receivables	(15,227)	288,043
Decrease in inventory	24,888	430,783
Decrease in other current assets	63,057	59,297
(Decrease)/increase in trade and other payables	(1,637,533)	1,481,223
Decrease in income in advance	-	(333,742)
Increase/ (decrease) in provisions	236,509	(553,375)
Net cash outflow from operating activities	(1,247,680)	(1,632,076)

15. Earnings per share

	2020	2019
	cents	cents
(a) Basic and diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(0.01)	(0.24)
Loss from discontinued operations attributable to the ordinary equity holds of the Company	-	(0.01)
Loss attributable to the ordinary equity holders of the Company	(0.01)	(0.25)

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

		2020	2019
	Note	No.	No.
Number used in calculating basic and diluted earnings per share at 1 July		1,506,830,774	1,506,830,774
Effect of shares issued by private placement	12	124,316,940	-
Effect of shares issued	12	2,241,291	-
Number used in calculating basic and diluted earnings per share at 30 June		1,633,389,005	1,506,830,774

(c) Information concerning earnings per share

There were no options outstanding during and at the end of 2020 financial year. In the 2019 financial year, 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.

16. Discontinued operations

In financial year 2019, the Group wound up operations in three of its subsidiaries during the year, being Jackson Care Technologies Pty Ltd, Media Intelligence Co Pty Ltd and Jemsoft Pty Ltd. All assets were transferred and liabilities assumed by the parent company.

The comparative consolidated statement of profit or loss and other comprehensive income has been restated to show the discontinued operation separately from continuing operations.

	2020	2019
	\$	\$
Financial performance		
Revenue and other income from discontinued operations	-	570
Expenses	-	(66,629)
Loss before tax from discontinued operations	-	(66,059)
Income tax expense	-	-
Loss after tax from discontinued operations	-	(66,059)
Other comprehensive income, net of income tax	-	-
Total comprehensive income for the year	-	(66,059)
Cash flows		
Net cash outflow from operating activities	-	(66,056)
Net decrease in cash generated by the component	-	(66,056)