Xped Limited

ABN 89 122 203 196

ASX:XPE

Annual Financial Report for the financial year ended 30 June 2020

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Corporate directory

Directors	Mr. Con Unerkov (Chairman and non-executive director) Mr. John Schultz (Executive director) Mr. Cecil Te Hwai Ho (Executive director) Mr. Elvis Diao (Non-executive director) Dr. Heming Cui (Non-executive director)
Company secretary	Ms. Julie Edwards
Registered office in Australia	Level 6, 412 Collins Street Melbourne, Victoria, 3000
Principal office in Australia	Unit 1, 25 London Road, Mile End South, SA 5031
Share registry	Automic Registry Services Level 5, 126 Phillip Street Sydney NSW 2000 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, Queensland, 4000
Stock exchange listing	Australian Securities Exchange Ltd XPE - listed 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 2020.

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. Con Unerkov	Chairman and non-executive director	(appointed on 31 December 2019)
Mr. John Schultz	Executive director	
Mr. Cecil Te Hwai Ho	Executive director	(appointed on 16 March 2020)
Mr. Elvis Diao	Non-executive director	(appointed on 24 April 2020)
Dr. Heming Cui	Non-executive director	(appointed on 24 April 2020)
Mr. Peter Hunt	Chairman and non-executive director	(resigned on 5 February 2020)
Mr. Christopher Wood	Executive director	(resigned on 31 December 2019)
Mr. Loui Kotsopoulos	Non-executive director	(appointed on 31 December 2019 and resigned on 13 March 2020)
Mr. George Yatzis	Non-executive director	(appointed on 23 January 2020 and resigned on 7 February 2020)

Company secretaries (joint)
Ms. Julie Edwards
Mr. John Santich (resigned on 10 January 2020)

Principal activities and changes in state of affairs
Xped is engaged in the business of selling professional healthcare technology equipment and solutions to healthcare facilities. Xped has recently focused on expanding into delivering assisted independent living technologies utilizing synergies with Xped's Internet of Things (IoT) platform. Xped also intends to build on smart home and smart building solutions for better efficient interactive environment for the occupant.

The were no significant changes in the nature of the Group's activities other than that the Group no longer conducts its own research and development, but rather outsource to third party developers. There were no significant changes in the state of the Group's affairs during the year.

Dividends
No amounts have been paid or declared by way of dividend during the year.

Significant events after the balance date
The significant events after the balance sheet date are set out in Note 28 of the financial statements.

Review and results of operations
The Group realised a loss after tax for the full-year of $132,755 (2019: $3,717,185 (restated)) from its continuing operations. The following provides a summary of the Group's activities and achievements during the course of the financial year:
- Successfully raised $250,000 in equity funding;
- AusIndustry finding appeal successful with the Group no longer being required to repay the tax incentive received of $1,630,695;
- Continued to rationalize the operation and reducing the overhead and loss in the mist of the on-going pandemic; and
- Finalised the dispute on the development agreement with Heuresy Labs LLC.

During the financial year, the Group shut down the R&D operations of Xped Corporation Pty Ltd to reduce the operating overhead. In future, the Group will outsource development of technologies in the Internet of Things (IoT) sector. The Group will focus on its healthcare business building on its current products and services and into other market segments such as in-home care services.

Prospects
We will continuously monitor our overhead costs and cashflow so that we will be prepared to take remedial actions should there be another COVID 19 outbreak in the coming months. We will provide contactless, IoT and clean environment products and solutions to our assisted healthcare and in-home care services. Going forward, we will also look at strengthening our capital base and seek strategic partners to develop our IoT products for our healthcare, and smart homes and buildings businesses.

Information on directors

The names and details of Xped Limited's directors during the whole of the financial year and up to date of this report are set out below, unless noted otherwise.

Mr. Con Unerkov (Chairman and non-executive director)

Experience and expertise

Mr. Con Unerkov ("Mr. Unerkov"), was appointed non-executive chairman and director on 31 December 2019. Mr. Unerkov is an Australian based businessman with more than 25 years of local and international senior executive experience. Throughout his career, Mr. Unerkov has worked as an executive and chief executive officer for a number of companies both in the private and public sectors. He has significant experience in the financial markets with a focus on structuring, M&A and corporate financing for both private and public companies, simultaneously providing parallel guidance for companies to gain market recognition, shareholder value and liquidity. Mr. Unerkov is the Chairman and Executive director of Integrated Media Technology Limited, a company listed on the Nasdaq Capital Markets, engaged in technology investment with a focus on glasses free autostereoscopic 3D display technology.

Other current ASX directorships

Nil

Former ASX directorships in last 3 years

Nil

Special responsibilities

Chairman of the Board of Directors
Member of the Audit Committee
Member of the Nomination and Remuneration Committee

Interests in shares and options

Nil

Mr. John Schultz (Executive director)

Experience and expertise

Mr. John Schultz ("Mr. Schultz") is a serial entrepreneur who has founded and successfully grown several companies over the last two decades which specialised in the design, manufacture and business development of electronics systems. Mr. Schultz has a wealth of experience running design and manufacturing businesses, managing staff and subcontractors and has 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. Mr. Schultz's involvement in the Group encompasses system specification, design, product design and manufacture, resource management and developing initial commercialisation opportunities.

Mr. Schultz has a Bachelor of Engineering in Electronics Engineering.

Other current ASX directorships

Nil

Former ASX directorships in last 3 years

Nil

Special responsibilities

Nil

Interests in shares and options

147,481,654 ordinary shares (XPE)

Mr. Cecil Te Hwai Ho (Executive director)

Experience and expertise

Mr. Cecil Te Hwai Ho ("Mr. Ho") was appointed as a director on 16 March 2020. Mr. Ho is currently the interim CFO of the Group and he is also the CFO for Integrated Media Technology Limited, a company listed on the Nasdaq Capital Markets. Mr. Ho brings nearly 30 years of financial management experience in both private and public companies. He also most recently served as the CFO for Asia Times Holdings Limited, an online news publication in Hong Kong. Prior to that, Mr. Ho held various senior financial positions in public companies listed on the Hong Kong Stock Exchange. In his roles Mr. Ho excelled in strategy execution, shareholder value creation and risk management. Mr. Ho is a member of the Hong Kong Institute of Certified Accountants and is a Chartered Professional Accountant (CA).

Other current ASX directorships

Nil

Former ASX directorships in last 3 years

Nil

Special responsibilities

Chief Financial Officer

Interests in shares and options

Nil

Mr. Elvis Diao (Non-executive director)

Experience and expertise

Mr. Elvis Diao ("Mr. Diao") was appointed on 24 April 2020. Mr. Diao is the General Manager China of Asia Times Holdings Limited focusing on business development in the media and consultancy for the Greater China area. Prior to joining Asia Times Mr. Diao worked in media and project investment in China. Mr. Diao has broad experience in the marketing, communications and media industries in China. Mr. Diao is currently a guest professor for the Business School at the Guizhou Education University in China.

Mr. Diao holds a Master's Degree in Social Policy from the Chinese University of Hong Kong and the dual Bachelor of Business Administration and English Literature from Shanghai International Studies University.

Other current ASX directorships

Nil

Former ASX directorships in last 3 years

Nil

Special responsibilities

Member of the Audit Committee
Member of the Nomination and Remuneration Committee

Interests in shares and options

Nil

Dr. Heming Cui (Non-executive director)

Experience and expertise

Dr. Heming Cui ("Dr. Cui") was appointed as a director on 24 April 2020. Dr. Cui is an assistant professor in Computer Science of the University of Hong Kong ("HKU") since January 2015. His research interests are in distributed systems, IOT, big-data computing, and parallel computing, with a particular focus on creating software infrastructures and tools to greatly improve the performance, reliability and security of real-world software. After joining HKU, Dr. Cui's research publications mainly contained in two segments: (1) transparent and efficient distributed fault-tolerance systems, and (2) automated program analysis tools that can greatly improve the security of parallel and IOT software. Dr. Cui's research in HKU has led to a series of open source projects as well as publications in international conferences and journals on computer systems (e.g., SOSP, NSDI, ATC, DSN, SOCC, ACSAC, SRDS, JSAC, and TPDS). Dr. Cui serves on the program committees of international top systems and networking conferences, including NSDI, ATC, SOC, DSN, and ICDCS. Much of the source code and evaluation results in Dr. Cui's publications are adopted by global software companies, including RedHat, Android, Ubuntu and VMWare.

Before joining HKU, Dr. Cui obtained his master and Bachelor of Computer Science from Tsinghua University in Beijing, and PhD degree in Computer Science from Columbia University in New York.

Other current ASX directorships

Nil

Former ASX directorships in last 3 years

Nil

Special responsibilities

Member of the Audit Committee

Member of the Nomination and Remuneration Committee

Interests in shares and options

Nil

Company secretaries

Ms. Julie Edwards

Ms. Julie Edwards ("Julie") has had significant experience and involvement in the management of accounting and finance functions of companies. Julie holds a Bachelor of Commerce, is a member of CPA Australia, holds a CPA Public Practice Certificate and is a registered Tax Agent.

Meetings of directors

The number of meetings of the Group's Board of Directors (including meetings of the Board committees) held during the year, and the numbers of meetings attended by each director are as follows:

	Board of Directors		**Audit Committee**	
	Eligible	**Attended**	**Eligible**	**Attended**
Mr. Con Unerkov	10	10	1	1
Mr. John Schultz	14	14	1	1
Mr. Cecil Te Hwai Ho	4	4	-	-
Mr. Elvis Diao	3	3	-	-
Dr. Heming Cui	3	3	-	-
Mr. Peter Hunt	7	7	-	-
Mr. Christopher Wood	4	4	-	-
Mr. Loui Kotsopoulos	5	5	1	1
Mr. George Yatzis	1	1	-	-

There were no remuneration committee meetings during the financial year.

Shares under option

At the end of the financial year and at the date of this report, there were no outstanding options over ordinary shares in the Group. No options were issued during the year.

Remuneration report (audited)

(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, with the intention that the manner of payment chosen by the recipient is optimal to the recipient without creating an undue cost on 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 Group's prior Annual General Meeting ('AGM')

At the Group's 2018 AGM, the Group received 30% of votes against its 2018 remuneration report and consequently received a "First Strike". Similarly, at the Group's 2019 AGM, the Group received 46% of votes against its 2019 remuneration report and consequently received a "Second Strike". Under the Corporations Act 2001, if at least 25% of the votes cast on the adoption of the remuneration report at two consecutive AGM's are against adopting the remuneration report, shareholders have the opportunity to vote on towards the holding of a "Spill Meeting". A Spill Meeting was not held subsequent to the 2019 AGM as the Group received more than 50% of votes against the holding of a Spill Meeting at its 2019 AGM.

The shareholders will have the opportunity to vote for or against the adoption of the 2020 remuneration report at the 2020 AGM. The shareholders will again have the opportunity to vote towards the holding of a Spill Meeting should the Group receive more than 25% of the votes against the adopting of its remuneration report.

Under the *Corporations Act 2001*, the Group is required to provide an explanation of the Board's proposed action in response to that Second 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 the Group's business strategy, and operates to attract and retain key talent. The Group reduced directors' fees by greater than 72% from $609,992 in the 2019 financial year to $166,983 in the 2020 financial year. The directors of the Group have resolved for no director remuneration from 1 January 2020 until such time that the Group is in a financially stronger position.

The Board remains confident that its remuneration policy and the level and structure of its executive remuneration is suitable for the Group 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. During the financial year, the Board did not receive any advice from external consultants in respect to the annual review process.

Each director received a fee for being a director of the Group from 1 July 2019 to 31 December 2019, which was not linked to director's performance. The directors of the Group have resolved for no director remuneration from 1 January 2020 until such time that the Group is in a financially stronger position.

The remuneration of non-executive directors for the year ended 30 June 2020 is detailed in this remuneration report.

Remuneration report (continued)

(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. The directors of the Group have resolved for no director remuneration from 1 January 2020 until such time that the Group is in a financially stronger position.

(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

No short or long-term incentives have been provided to executive management during the reporting period.

(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 performance of the consolidated entity for five years to 30 June 2020 are summarised below:

	2020	2019 (restated)	2018	2017	2016
Loss attributable to owners of the Group (dollars)	(132,755)	(3,783,244)	(9,062,425)	(11,853,736)	(3,086,822)

The factors that are considered to affect total shareholders return ("TSR") are summarised below:

	2020	2019	2018	2017	2016
Share price (dollars)	0.001	0.001	0.003	0.017	0.100
Change in share price	-	(0.002)	(0.014)	(0.083)	0.096
Dividends declared	Nil	Nil	Nil	Nil	Nil
Basic and diluted EPS (cents)	(0.01)	(0.24)	(0.62)	(1.10)	(0.57)

(c) Key management personnel

KMP are the non-executive directors, executive directors, and employees who have the authority and responsibility for planning, directing and controlling the activities of the consolidated entity. On that basis, the individuals classified as KMP are set out below:

Name	**Title**
Mr. Con Unerkov	Chairman and Non-executive director
Mr. John Schultz	Executive director
Mr. Cecil Te Hwai Ho	Chief Financial Officer and Executive director
Mr. Elvis Diao	Non-executive director
Dr. Heming Cui	Non-executive director

Remuneration report (continued)

(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 Chairman, have authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

2020	Short-term employee benefits	Post-employment benefits	Termination benefits	Share-based payments		Long-term employee benefits	Total	Proportion of remuneration that is performance based
Name	Cash salary and fees $	Super-annuation $	Cash $	Shares $	Options $	$	Total $	%
Non-executive directors								
Mr. Con Unerkov[1]	-	-	-	-	-	-	-	-
Mr. Elvis Dlao[2]	-	-	-	-	-	-	-	-
Dr. Heming Cui[3]	-	-	-	-	-	-	-	-
Mr. Loui Kotsopoulos[4]	-	-	-	-	-	-	-	-
Mr. George Yatzis[5]	-	-	-	-	-	-	-	-
Mr. Peter Hunt[6]	30,000	-	-	-	-	-	30,000	-
Total non-executive directors	**30,000**	**-**	**-**	**-**	**-**	**-**	**30,000**	**-**
Executive directors								
Mr. John Schultz	68,500	-	-	-	-	-	68,500	-
Mr. Cecil Te Hwai Ho[7]	-	-	-	-	-	-	-	-
Mr. Christopher Woods[8]	68,483	-	-	-	-	-	68,483	-
Total executive directors	**136,983**	**-**	**-**	**-**	**-**	**-**	**136,983**	**-**
Total KMP compensation	**166,983**	**-**	**-**	**-**	**-**	**-**	**166,983**	**-**

(e) Details of remuneration

2019	Short-term employee benefits	Post-employment benefits	Termination benefits	Share-based payments		Long-term employee benefits	Total	Proportion of remuneration that is performance based
Name	Cash salary and fees $	Super-annuation $	Cash $	Shares $	Options $	$	Total $	%
Non-executive directors								
Mr. Peter Hunt[9]	109,992	-	-	-	-	-	109,992	-
Total non-executive directors	**109,992**	**-**	**-**	**-**	**-**	**-**	**109,992**	**-**
Executive directors								
Mr. Christopher Wood[8]	250,000	-	-	-	-	-	250,000	-
Mr. John Schultz	250,000	-	-	-	-	-	250,000	-
Total executive directors	**500,000**	**-**	**-**	**-**	**-**	**-**	**500,000**	**-**
Total KMP compensation	**609,992**	**-**	**-**	**-**	**-**	**-**	**609,992**	**-**

1 Mr. Con Unerkov was appointed on 31 December 2019.

2 Mr. Elvis Diao was appointed on 24 April 2020.

3 Dr. Heming Cui was appointed on 24 April 2020.

4 Mr. Loui Kotsopoulos was appointed on 31 December 2019 and resigned on 13 March 2020.

5 Mr. George Yatzis was appointed on 23 January 2020 and resigned on 7 February 2020.

6 Mr. Peter Hunt resigned on 5 February 2020.

7 Mr. Cecil Ho was appointed on 16 March 2020.

8 Mr. Christopher Wood resigned on 31 December 2019.

Remuneration report (continued)

(f) Service & consultancy agreements

On appointment to the Board, non-executive directors enter into a service agreement with Xped Limited in the form of a letter of appointment ("Director Agreement"). 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.

Mr. Con Unerkov (Chairman and Non-executive director)

Mr. Con Unerkov was appointed Chairman and Non-Executive Director on 31 December 2019. Con is not entitled to remuneration under his Director Agreement. Con's contract may be terminated with no notice from either party.

Mr. Elvis Diao (Non-executive director)

Mr. Elvis Diao was appointed Non-Executive Director on 24 April 2020. Elvis is not entitled to remuneration under his Director Agreement. Elvis's contract may be terminated with no notice from either party.

Mr. Heming Cui (Non-executive director)

Mr. Heming Cui was appointed Non-Executive Director on 24 April 2020. Heming is not entitled to remuneration under his Director Agreement. Heming's contract may be terminated with no notice from either party.

Mr. Loui Kotsopoulos (Non-executive director)

Mr. Loui Kotsopoulos was appointed Non-Executive Director on 31 December 2019 and resigned on 13 March 2020. Loui is not entitled to remuneration under his Director Agreement. Loui's contract may be terminated with no notice from either party.

Mr. George Yatzis (Non-executive director)

Mr. George Yatzis was appointed Non-Executive Director on 23 January 2020 and resigned on 7 February 2020. George is not entitled to remuneration under his Director Agreement.

Mr. Peter Hunt (Chairman and non-executive director)

Mr. Peter Hunt was appointed chairman and director on 4 September 2017 and resigned on 5 February 2020. Peter's remuneration was $60,000 per annum from 1 July 2019 to 31 December 2019 and $nil from 1 January 2020.

Mr. John Schultz (Executive director)

Mr. John Schultz was appointed Executive Director on 30 March 2018. John's remuneration was $250,000 per annum from 1 July 2019 to 30 September 2019, $60,000 per annum from 1 October 2019 to 31 December 2019 and $nil per annum from 1 January 2020. John's contract may be terminated with one months' notice from either party.

Mr. Cecil Te Hwai Ho (Chief Financial Officer and Executive director)

Mr. Cecil Te Hwai Ho was appointed Chief Financial Officer and Executive Director on 16 March 2020. Cecil is not entitled to remuneration under his Director Agreement. Cecil's contract may be terminated with no notice from either party.

Mr. Christopher Wood (Executive director)

Mr. Christopher Wood was appointed Executive Director on 4 September 2017 and resigned on 31 December 2019. Chris' remuneration was $250,000 per annum from 1 July 2019 to 30 September 2019 and $60,000 per annum from 1 October 2019 to 31 December 2019.

(g) Share-based compensation

Options may be 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 attached to 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.

No options were outstanding at the beginning of the financial year and no options were granted during the financial year.

(h) Equity instruments disclosures relating to key management personnel

(i) Unlisted option holdings

No unlisted options over ordinary shares in the Group were held during the year by directors of the Group and other key management personnel of the Group, including their personally related parties.

(ii) Ordinary share holdings

Ordinary shares held directly, indirectly or beneficially by each key management person, including their personally related entities, are shown below.

2020	Balance at start of the year	Acquired during the year	Other changes[1]	Balance at the end of the year
Mr. Con Unerkov	-	-	-	-
Mr. Elvis Diao	-	-	-	-
Dr. Heming Cui	-	-	-	-
Mr. Loui Kotsopoulos	-	-	-	-
Mr. George Yatzis	-	-	-	-
Mr. Peter Hunt	-	-	-	-
Mr. John Schultz	147,481,654	-	-	147,481,654
Mr. Cecil Te Hwai Ho	-	-	-	-
Mr. Christopher Wood	112,825,200	-	(112,825,200)	-

2019	Balance at start of the year	Acquired during the year	Other changes[1]	Balance at the end of the year
Mr. Peter Hunt	-	-	-	-
Mr. Christopher Woods	112,825,200	-	-	112,825,200
Mr. John Schultz	140,818,321	6,663,333	-	147,481,654

1. the amount in other changes is the individual's shareholding at the date he commenced or ceased to be a key management person, as applicable, in addition to the individual's on-market trading.

(iii) Listed option holdings (ASX: XPEOC)

No listed options over ordinary shares in the Group were held during the year by directors of the Group and other key management personnel of the Group, including their personally related parties.

(i) Loans to key management personnel

There were no loans to key management personnel at any time during the financial year.

(j) Other transactions with key management personnel

Mr. John Schultz:

Two entities controlled by Mr. John Schultz, provided supplies and services to the Group totalling $14,574 (2019: $74,251). $5,500 (2019: $15,712) of these transactions remained payable at balance date.

Mr. Con Unerkov:

The Group has been party to a number of transactions with Teko International Limited, a company of which Mr. Con Unerkov is a director and shareholder, including the following:

- $250,000 was raised on 31 December 2019 by placement of 250 million fully paid ordinary shares to Teko at an issue price of 0.1 cents per share.
- Teko entered into a conditional agreement to subscribed for $625,000 of 8% interest convertible notes on 12 May 2020, with a conversion price of 0.1 cents per share. As the conditions were not able to be completed, the agreement was terminated on 19 May 2020 without penalty.
- On 31 December 2019, Xped Limited entered into a Share Placement Agreement ("SPA") issuing 250 million ordinary shares in the Group at $0.001 per ordinary share for total proceeds of $250,000. Pursuant to the SPA, the parent company made certain representations in respect to liabilities in the Group to Teko, the purchaser. However, in the process of preparing the Group's accounts, the Group has become aware that some of the representations made by the Group were not accurate.

  The Group is in the process of determining the extent of its legal liabilities in respect of the potential breach of the SPA. At the date of this report, the Group has not been able to quantify the liability, if any, in respect to these breaches.

(k) External remuneration consultant advice

No external remuneration consultant has been utilised during the year.

END OF REMUNERATION REPORT

Insurance of officers and indemnities

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 2020. 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 $36,712 (2019: $39,665) 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*.

Environmental regulation and performance

The Group is not subject to any particular or significant environmental regulations.

Non-audit services

Pitcher Partners continues in office in accordance with section 327 of the *Corporations Act 2001*. 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 are important. Fees the Group paid or owed to the auditor for these services during the year are included in the following table:

	2020 $	2019 $
Audit and other assurance services:		
Audit and review of financial report	61,600	70,000
Non-audit services:		
Tax and other services	32,900	49,884
Total remuneration	94,500	119,884

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 above, 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; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* or the *Corporations Act 2001*.

Rounding of amounts

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

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.

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

Con Unerkov
Non-Executive Director
Date: 30 September 2020

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF XPED LIMITED

In relation to the independent audit for the year ended 30 June 2020, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards).*

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

Pitcher Partners

PITCHER PARTNERS

DANIEL COLWELL
Partner

Brisbane, Queensland
30 September 2020

Corporate governance statement

Xped Limited has published its corporate governance statement on its website. It can be found at
https://xped.com/app/uploads/2020/09/Corporate-Governance-Statement2020.pdf

Annual financial report

These financial statements cover the Group 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:

Unit 1, 25 London Road,
Mile End South, SA 5031

The registered office is:

Level 6, 412 Collins Street
Melbourne, Victoria 3000

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities on page 2.

The financial statements were authorised for issue by the directors on 16 September 2020. 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 Group. 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 Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

	Note	2020	2019 (Restated)[1]
		$	$
Revenue and other income from contracts with customers	5	2,859,963	2,237,347
Cost of sales: inventories and other cost of sales		(124,339)	(1,021,494)
Employee and contracting expenses	6	(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	6	(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	12	(22,032)	(30,905)
Amortisation expense	17	(52,111)	-
Bad debts expense	10	(11,250)	-
Impairment loss on other receivables	10	-	(900,000)
Impairment loss on intangible assets	13	-	(58,526)
(Impairment loss)/reversal of impairment loss on inventory		(87,220)	250,826
Foreign currency losses		(194)	(1,256)
Rehabilitation (expense)/benefit		(60,408)	69,204
Gain/(loss) on sale of assets		455	(4,158)
Other expenses		(282,026)	(379,725)
Loss before income tax		**(132,755)**	**(3,717,185)**
Income tax benefit	7	-	-
Loss from continuing operations		**(132,755)**	**(3,717,185)**
Loss from discontinued operations, net of income tax	20	-	(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	20	-	(66,059)
		(132,755)	**(3,783,244)**

	Note		
Earnings per share for loss from continuing operation attributable to the shareholders of the Group		**Cents**	**Cents**
Basic and diluted loss per share	24	(0.01)	(0.24)
Earnings per share for loss attributable to the shareholders of the Group		**Cents**	**Cents**
Basic and diluted loss per share	24	(0.01)	(0.25)

1 the 2019 comparative has been restated for a prior period error. Refer to note 2 for further information.

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

	Notes	2020 $	2019 (Restated)[1] $
Current assets			
Cash and cash equivalents	8	370,675	1,405,831
Other financial asset	9	100,000	120,000
Trade and other receivables	10	119,813	115,836
Prepayments		61,432	124,489
Inventory	11	232,674	344,782
Total current assets		**884,594**	**2,110,938**
Non-current assets			
Plant and equipment	12	43,263	65,295
Right of use assets	17	28,902	-
Intangible assets	13	-	-
Total non-current assets		**72,165**	**65,295**
TOTAL ASSETS		**956,759**	**2,176,233**
Current liabilities			
Trade and other payables	14	379,952	382,878
Provisions	16	545,424	252,783
Lease liabilities	17	27,883	-
Total current liabilities		**953,259**	**635,661**
Non-current liabilities			
Trade and other payables	14	-	1,634,607
Borrowings	15	261,102	260,711
Provisions	16	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	18	27,177,980	26,891,949
Accumulated losses	19	(27,443,197)	(27,310,442)
TOTAL EQUITY		**(265,217)**	**(418,493)**

1 the 2019 comparative has been restated for a prior period error. Refer to note 2(e) for further information.

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

	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)	-	(3,783,244)
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 – Note 2(e)[1]	-	-	(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)**

1 the 2019 comparative has been restated for a prior period error. Refer to note 2(e) for further information.

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

	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)		(2,563,025)	(5,454,175)
Net cash outflow from operating activities	23	**(1,247,681)**	**(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 redemption of 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)
Proceeds from issue of shares	18	250,000	-
Payment of borrowings		(4,800)	-
Payment of lease liability	17	(53,130)	-
Net cash inflow/(outflow) from financing activities		**192,070**	**(110,995)**
Net decrease in cash and cash equivalents		(1,035,156)	(966,377)
Cash and cash equivalents at the beginning of the year		1,405,831	2,372,208
Cash and cash equivalents at the end of the year	8	**370,675**	**1,405,831**
Non-cash financing activities:			
Settlement of consultancy fees by issuing 36,031,250 shares	18	36,031	-
Cash outflow of discontinued operations	20	-	(66,056)

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 Group 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 Group 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

The Group adopted the following new or revised accounting standards from 1 July 2019:

AASB Interpretation 23 *Uncertainty over Income Tax Treatments*

The interpretation of AASB 112 *Income Taxes* sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a Group depending on which approach will better predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The first-time application of AASB Interpretation 23 did not have an impact on the financial statements because the accounting of uncertainties over income tax already corresponded to this provision in terms of both measurement and presentation.

AASB 16 *Leases*

This new standard replaced AASB 117 and some lease-related Interpretations. It requires all leases to be accounted for "on balance sheet" by lessees, other than for short-term and low value asset leases. The standard also provides new guidance on the definition of a lease and on sale and leaseback accounting and requires new and different disclosures about leases. The accounting requirements for lessors remains largely unchanged from AASB 117. The Group adopted the new standard on 1 July 2019 using the modified retrospective approach. In calculating the effect on adoption, the Group applied the following practical expedients available under AASB 16:

- applied a single discount rate to all our property leases;
- excluded leases expiring within one year of the implementation date;
- excluded leases of low value (less than $5,000);
- preserved the assessment of whether an arrangement was a lease under the previous lease standards; and
- used hindsight when determining the lease term.

1. Summary of significant accounting policies (continued)

On adoption of AASB 16 *Leases* ("AASB 16"), the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 5.20%.

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 1 July 2019. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application.

The recognised right-of-use assets relate to premises leases. The impact on assets, liabilities and retained earnings as at 1 July 2019 is set out below:

	As previously reported $	AASB 16 adjustments $	As restated $
Right-of-use assets	-	81,013	81,013
Deferred taxes (net)	-	-	-
Lease liability – current	-	(53,807)	(53,807)
Lease liability – non-current	-	(27,206)	(27,206)
Retained earnings	27,310,442	-	27,310,442

The recognised right-of-use assets and lease liabilities as at 30 June 2020 is set out below:

	30 June 2020 $	1 July 2019 $
Right-of-use assets	28,902	81,013
Lease liabilities – current	27,883	53,807
Lease liabilities – non-current	-	27,206

The present value of operating lease commitments disclosed in our 30 June 2019 annual financial statements, discounted using the discount rate at transition date, differed from the lease liabilities recognised on adoption of AASB 16; a reconciliation of the difference is set out below:

Operating lease commitments disclosed at 30 June 2019	169,659
Plus: lease payments included in the measurement of lease liabilities and not previously included in non-cancellable operating lease commitments	3,039
Less: lease payments previously included in non-cancellable lease commitments for leases with remaining terms of less than 12 months and leases of low value assets	(84,499)
Less: impact of discounting lease payments to their present value at 1 July 2019	(7,186)
Lease liability recognised at 1 July 2019	81,013
Recognised as	
Current lease liability	53,807
Non-current lease liability	27,206
	81,013

The Group lease various offices under rental contracts that normally range from one to two years, with many contracts containing extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Under the relevant lease agreements (mainly premises) the rentals are subject to periodic review to market and/or for CPI increases. These leases are under normal commercial lease terms and conditions.

1. Summary of significant accounting policies (continued)

Prior to the 2020 financial year, the Group classified leases of property, plant and equipment as either finance or operating leases; leases in which a significant portion of the risks and rewards of ownership were retained by the lessor were classified as operating leases. Operating lease payments, net of any incentives received from the lessor, were charged to expense on a straight-line basis over the period of the lease.

From 1 July 2019, 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 so as 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 the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option; in these instances the Group depreciate the right-of-use asset over the useful life of the asset.

The Group initially measure assets and liabilities arising from a lease on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Where the Group is required to return the premises to their original condition at the end of the lease, a provision for lease remediation is recorded equal to the present value of the estimated liability.

Right-of-use assets are measured at cost and comprise the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(a) Going concern

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

As at 30 June 2020 the Group has $370,675 (2019: $1,405,831) in cash and cash equivalents and a net liabilities of $265,217 (2019: $418,493 net liabilities (restated)). During the year ended 30 June 2020 the Group incurred a loss after tax of $132,755 (2019: $3,783,244 (restated)) and a net cash outflow from operating activities, excluding government grants and refundable R&D tax incentives, of $1,345,681 (2019: $3,313,985 outflow).

At the date of this report the directors have implemented plans to address the Group's ongoing operations which includes, amongst others:

- Ceasing operational expenditure and R&D expenditure associated with the Group's IoT products;
- Successfully applied for an R&D tax refund for the 2018/19 tax return that resulted in a R&D tax refund of $869,870 being received on 7 September 2020;
- Grow the healthcare business by sourcing products that are complementary or synergic to our existing healthcare products;
- Closely monitoring the Group's expansion plans so that we do not enter long term contractual commitments with suppliers or enter into any onerous development contracts;
- Build the capital base and cash position of the Group by raising funds through the capital markets; and
- Exploring M&A and/or capital raising opportunities with strategic partners to build our healthcare business.

There is material uncertainty related to the above events and conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

1. Summary of significant accounting policies (continued)

These measures will reduce the Group's costs and/or increase capital and income going forward for the next 12 months. The directors believe the Group will be successful in carrying out its plans described above, therefore, no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the Group be unsuccessful with the initiatives detailed above then there is material uncertainty as to whether the Group will realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statement.

(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 2020 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.

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 and are eliminated on consolidation for the purpose of preparing these financial statements.

Acquisition of subsidiaries

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 Group'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.

(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. Details of the joint operation are set out in Note 27.

Joint operations

The Group 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.

1. Summary of 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 Statement of Financial Position.

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) 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 the Group'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.

(iii) Group companies

No subsidiaries in the Group have a functional currency which is different to the presentation currency of the Group.

(d) Revenue from contracts with customers

Revenue comprises revenue from the sale of goods, rendering of services, government grants and interest.

(i) Revenue recognised at a point in time

Revenue is recognised at a point in time (e.g. sale of goods) when the goods are received at a customer's specified location pursuant to a sales order, the risks of obsolescence and loss have passed to the customer, and the customer has either accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group have objective evidence that all criteria for acceptance have been satisfied.

(ii) Revenue recognised over time

Revenue is recognised over time (e.g. project or services) based on our achievement of milestones, if specified in the contract, or costs incurred as a percentage of estimated total costs for each contract where the Group have an enforceable right to payment for performance completed. Where it is probable that a loss will arise from a fixed price service contract, the Group immediately recognise the excess of total costs over revenue as an expense.

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(iv) Interest revenue

Interest revenue is recognised as it accrues using the effective interest rate method.

1. Summary of significant accounting policies (continued)

(e) 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.

(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.

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.

(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.

(f) 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.

1. Summary of significant accounting policies (continued)

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.

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.

(g) 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.

(h) Financial instruments
Initial recognition and measurement
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

1. Summary of significant accounting policies (continued)

Trade and other receivables

Trade and other receivables arise from the Group's transactions with its customers and are normally settled within 30 days. Consistent with both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Financial liabilities

Financial liabilities include trade and other payables, borrowings, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities. Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Financial liabilities are either classified at fair value or amortised cost.

Classification of financial assets

Financial assets recognised by the Group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the Group's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

(a) debt instruments measured at amortised cost;

(b) debt instruments classified at fair value through other comprehensive income; and

(c) receivables from contracts with customers and contract assets.

The Group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the Group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Group consider a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The Group considers a financial asset to have a low credit risk when the counter party has an external 'investment grade' credit rating (if available) of BBB or higher, or otherwise is assessed by the Group to have a strong financial position and no history of past due amounts from previous transactions with the Group. The Group assumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The Group determines expected credit losses using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

1. Summary of significant accounting policies (continued)

The Group has identified contractual payments more than 180 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the Group's historical experience. Because contract assets are directly related to unbilled work in progress, contract assets have a similar credit risk profile to receivables from contracts with customers. Accordingly, the Group applies the same approach to measuring expected credit losses of receivables from contracts with customers as it does to measuring impairment losses on contract assets.

The measurement of expected credit losses reflects the Group's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the Group's exposure at default, discounted at the financial asset's original effective interest rate.

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

(a) significant financial difficulty of the issuer or the borrower;
(b) breach of contract;
(c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e. reduced directly) when the counterparty is in severe financial difficulty and the Group has no realistic expectation of recovery of the financial asset. Financial assets written off remains subject to enforcement action by the Group. Recoveries, if any, are recognised in profit or loss.

(i) 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.

(j) 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.

Patents and trademarks are recognised at cost on the date of acquisition. Trademarks have an indefinite life as the Group intends to renew its trademarks continuously when its trademarks expire at little cost. Trademarks are assessed to have an indefinite life and are tested annually for impairment and carried at cost less any accumulated impairment losses.

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.

(k) 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.

1. Summary of significant accounting policies (continued)

Depreciation of assets is calculated on the straight line and diminishing value methods 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	Useful life	Depreciation basis
Plant and equipment	1-5 years	Diminishing value
Office equipment	1-20 years	Straight line
Computer equipment	1-4 years	Straight line
Software	2-2.5 years	Straight line
Motor vehicles	4 years	Diminishing value
Leasehold improvements	40 years	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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The difference between the sale proceeds and the carrying amount of an asset is recognised in the statement of profit or loss and other comprehensive income.

(l) Trade and other payables

Trade and other payables 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.

(m) 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.

(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.

(o) 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.

(p) 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.

(q) 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.

1. Summary of significant accounting policies (continued)

(r) 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.

(s) Discontinued operations

A discontinued operation is a component of the Group that has been disposed of in the current, or prior, reporting period or is classified as held for sale at the reporting date, and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are disclosed separately in the statement of profit or loss and other comprehensive income.

(t) New accounting standards interpretations

Relevant Australian Accounting Standards that have recently been issued or amended, but are not yet effective and have not been adopted for the annual reporting period ended 30 June 2020, are as follows:

Standard / Interpretation	Application date of Standard [1]	Application date for the Group [1]
AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*	1 January 2020	1 July 2020
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	1 January 2020	1 July 2020
AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*	1 January 2020	1 July 2020
AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*	1 January 2020	1 July 2020
AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*	1 January 2020	1 July 2020
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*	1 January 2022	1 July 2022
IASB Amendments to IFRS 3 *Business Combinations*	1 January 2022	1 July 2022
IASB Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*	1 January 2022	1 July 2022
IASB Annual Improvements to IFRS 9 *Financial Instruments* and the Illustrative Examples accompanying IFRS 16 *Leases*	1 January 2022	1 July 2022

[1] Application date is for annual reporting periods beginning on or after the date shown in the above table.

The directors anticipate that the adoption of these standards and interpretations in future years may have the following impacts:

AASB 2018-6 - This standard amends AASB 3 to clarify the definition of business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.
The amendments

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing reference to the ability to reduce costs; and
- add an optional concentration test that permits a simplified assessment of whether acquired set of activities and assets is not a business.

1. Summary of significant accounting policies (continued)

When these amendments are first adopted for the year ending 30 June 2021, we expect there will be no material impact on the financial statements as we do not envisage any material business transactions covered by the scope of this standard in the foreseeable future.

AASB 2018-7 – This standard principally amends AASB 101 and AASB 108. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across the Australian Accounting Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material. When these amendments are first adopted for the year ending 30 June 2021, there will be no material impact on the financial statements.

AASB 2019-1 – the standard amends Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the revised Conceptual Framework for Financial Reporting (Conceptual Framework). When these amendments are first adopted for the year ending 30 June 2021, there will be no material impact on the financial statements.

AASB 2019-3 – the standard amends AASB 7 *Financial Instruments: Disclosures*, AASB 9 *Financial Instruments* and AASB 139 *Financial Instruments: Recognition and Measurement* to modify some specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by the interest rate benchmark reform. In addition, the amendments require entities to provide additional information about their hedging relationships that are directly affected by these uncertainties. When these amendments are first adopted for the year ending 30 June 2021, there will be no material impact on the financial statements.

AASB 2019-5 - the standard amends AASB 1054 *Australian Additional Disclosures* by adding a disclosure requirement for an entity intending to comply with IFRS standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* on the potential effect of an IFRS standard that has not yet been issued by the AASB. This ensures that for-profit publicly accountable entities complying with Australian Accounting Standards can assert compliance with IFRS standards. When this Standard is first adopted for the year ending 30 June 2021, additional disclosures may be necessary if there are any pronouncements issued by the International Accounting Standards Board that have not yet been issued by the AASB at the date of authorisation of our financial report.

AASB 2020-1 - the standard amends AASB 101 *Presentation of Financial Statements* to clarify that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. When this Standard is first adopted for the year ending 30 June 2023, we do not expect there will be any changes to the classification of liabilities within our financial report, as we do not have any material borrowings.

IASB Amendments to IFRS 3 *Business Combinations* – the amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. When this Standard is first adopted for the year ending 30 June 2023, there will be no material impact on the financial statements.

IASB Amendments to LAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – the amendments specify which costs a company includes when assessing whether a contract will be loss making. IAS 37 defines an onerous contract as one in which the unavoidable costs of meeting the entity's obligations exceed the economic benefits to be received under that contract. Unavoidable costs are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of costs to fulfil a contract. When this Standard is first adopted for the year ending 30 June 2023, there will be no material impact on the financial statements.

IASB Annual Improvements to IFRS 9 *Financial Instruments and the Illustrative Examples accompanying IFRS 16 Leases* – the amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. The amendment to Illustrative Example 13 that accompanies IFRS 16 removes the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives. When these Amendments are first adopted for the year ending 30 June 2023, there will be no material impact on the financial statements.

2. Critical accounting estimates, judgements and errors

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.

(a) 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.

(b) 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. 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 2020 due to uncertainty in the timing of final settlement.

(c) 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.

(d) 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 Group can realize its deferred tax assets and therefore, it has not recognised any amount in the consolidated statements of financial position. Additional information is included in Note 7.

2. Critical accounting estimates, judgements and errors(continued)

(e) Correction of errors

In June 2020, a subsidiary discovered a computation error in calculating the inventory provision and finance costs associated with its long-term borrowings. The error resulted in an understatement of cost of sales and finance costs recognised in prior year with a corresponding overstatement of inventory in current assets, understatement of trade and other liabilities in current liabilities and borrowings in non-current liabilities as at 30 June 2019.

The error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

Consolidated Statement of Financial Position (Extract)	**30 June 2019**	**Increase/ (decrease)**	**30 June 2019 (Restated)**
	$	**$**	**$**
Inventory	375,782	(31,000)	344,782
Trade and other payables	(382,874)	(4)	(382,878)
Borrowings	(224,880)	(35,831)	(260,711)
Net liabilities	(351,658)	(66,835)	(418,493)
Accumulated losses	27,243,607	66,835	27,310,442
Total equity	351,658	66,835	418,493

Consolidated Statement of Profit and Loss and Other Comprehensive Income (Extract)	**30 June 2019**	**Increase/ (decrease)**	**30 June 2019 (Restated)**
	$	**$**	**$**
Cost of sales: Inventories and other cost of sales[1]	739,668	281,826	1,021,494
Finance costs	4,556	35,835	40,391
Impairment loss on inventory[1]	-	(250,826)	(250,826)
Loss before income tax	3,650,350	66,835	3,717,185
Income tax expenses	-	-	-
Loss from discounted operation	66,059	-	66,059
Total loss for the year	3,716,409	66,835	3,783,244
Loss is attribute to:			
Owners of parent	3,716,409	66,835	3,783,244
Non-controlling interest	-	-	-
	3,716,409	66,835	3,783,244
Loss for the period	3,716,409	66,835	3,783,244
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	3,716,409	66,835	3,783,244
Total comprehensive income is attribute to:			
Owners of parent	3,716,409	66,835	3,783,244
Non-controlling interest	-	-	-
	3,716,409	66,835	3,783,244

Earnings per share for loss from continuing operation attributable to the shareholders of the Group	**30 June 2019**	**Increase/ (decrease)**	**30 June 2019 (Restated)**
	Cents	**Cents**	**Cents**
Basic and diluted loss per share	(0.24)	-	(0.24)
Earnings per share for loss attributable to the shareholders of the Group			
Basic and diluted loss per share	(0.25)	-	(0.25)

1 Management has changed the presentation of the impairment loss (reversal) of inventory on the face of the consolidated statement of profit or loss and other comprehensive income to present this line item separately from cost of sales.

3. Financial risk management

The Group's principal financial instruments include cash and cash equivalents, term deposits, trade and other receivables, trade and other payables, and borrowings. The Group's business activities can expose us to a variety of financial risks, including market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's performance. We use sensitivity analysis to measure interest rate and foreign exchange risks, and aging for credit risk. The primary responsibility for risk management is carried out by the Group's executive directors and General Manager under policies approved by the Board of Directors. The executive directors and General Manager are responsible for the identification, evaluation and mitigation of financial risks.

It is 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.

Refer to Note 1 of these financial statements for further information on significant accounting policies applied, including the criteria for recognition of financial instruments, the basis of measurement, and the basis on which income and expenses are recognised.

(a) Financial instruments

The Group holds the following financial instruments:

	2020 $	2019 (Restated) $
Financial assets		
Cash and cash equivalents	370,675	1,405,831
Other financial assets	100,000	120,000
Trade and other receivables	119,813	115,836
	590,488	**1,641,667**
Financial liabilities		
Trade and other payables	379,952	2,017,485
Borrowings	261,102	260,711
Lease liability	27,883	-
	668,937	**2,278,196**

All financial instruments are classified and measured at amortised cost.

The carrying amount of financial assets (net of any provision for impairment) and current financial liabilities approximate their fair value primarily because of their short maturities. The carrying amount of any non-current borrowings approximates fair value because the interest rate applicable to the borrowing approximates current market rates.

(b) Market risk

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency other than Australian dollars. From time to time the Group make sales to customers who require the currency of settlement to be a foreign currency. 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 Group's limited foreign currency exposure.

At 30 June 2020 and 2019 the Group's exposure to foreign currency risk was immaterial.

Price risk

The Group is not exposed to equity securities or commodity price risk.

3. Financial risk management (continued)

Interest rate risk

The Group's exposure to interest rate risk arise predominantly from cash and cash equivalents bearing variable interest rates. The Group's cash position fluctuates regularly, and ongoing liquidity needs mean most of the Group's funds are maintained in at-call accounts. The Group's term deposit and short-term borrowings are held in fixed interest rate accounts and are not subject to interest rate risks.

	30 June 2020		30 June 2019	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	$	%	$
Cash and cash equivalents	0.15%	370,675	0.15%	1,405,831

At balance sheet date, 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)	
	2020	2019	2020	2019
	$	$	$	$
+1.00% (100 basis points) (FY19: +1.00%)	3,707	14,058	3,707	14,058
-1.00% (100 basis points) (FY19: -1.00%)	(3,707)	(14,058)	(3,707)	(14,058)

(c) Credit risk

Credit risk arises from financial assets of the Group, which comprises cash and cash equivalents, term deposits and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The Group does not hold any credit derivatives to offset the credit exposure.

Specific information as to the Group's credit risk exposures is as follows:

- Cash and cash equivalents and term deposits are maintained at two large financial institutions, Westpac Banking Corporation and Commonwealth Banking Corporation. Both of these institutions have an independent credit rate of AA.
- Policies are in place to ensure that sales are made to customers with an appropriate credit history. The risk control procedures assess the credit quality of the customer, taking into account its financial position, past experience and other factors. The Group's customers generally do not have an independent credit rating. No collateral is obtained from customers.
- At balance date there are no material amounts outstanding from any one debtor.

3. **Financial risk management (continued)**

The following table details the Group's trade and other receivables exposed to credit risk with aging analysis and expected credit loss provided for thereon. Amounts are considered as "past due" when the debt has not been settled within 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 balance of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

			Past due but not impaired					
	Gross amount	Within trade terms current	31-60 days	61-90 days	90-365 days	365+ days	Credit loss allowance	Expected credit loss
	$	$	$	$	$	$	$	%
2020								
Trade receivables	72,426	30,744	40,605	-	1,077	-	-	0%
Other receivable	47,387	47,387	-	-	-	-	-	0%
KS Orka receivable	1,300,000	-	-	-	-	1,300,000	(1,300,000)	100%
	1,419,813	**78,131**	**40,605**	**-**	**1,077**	**1,300,000**	**(1,300,000)**	
2019								
Trade receivables	96,097	55,019	11,430	4,189	25,459	-	-	0%
Interest receivable	271	271	-	-	-	-	-	0%
Other receivable	19,468	19,468	-	-	-	-	-	0%
KS Orka receivable	1,300,000	-	-	-	-	1,300,000	(1,300,000)	100%
	1,415,836	**74,758**	**11,430**	**4,189**	**25,459**	**1,300,000**	**(1,300,000)**	

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities 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 invested in term deposits. At reporting date, the Group did not have access to any undrawn borrowing facilities.

Maturity of financial liabilities

The table below categorises the Group's financial liabilities into relevant maturity Groups based on their contractual maturities, calculated as their undiscounted cash flows. All the financial liabilities are non-derivative.

	Less than 12 months	Between 2 and 5 years	Total contractual cash flows	Carrying amount
	$	$	$	$
2020				
Non-interest bearing				
Trade and other payables	379,952	-	379,952	379,952
Borrowings	-	261,102	261,102	261,102
Lease liability	27,883	-	27,883	27,883
	407,835	**261,102**	**668,937**	**668,937**
2019 (Restated)				
Non-interest bearing				
Trade and other payables	382,878	1,634,607	2,017,485	2,017,485
Borrowings	-	260,711	260,711	260,711
	382,878	**1,895,318**	**2,278,196**	**2,278,196**

Lease liabilities have an interest rate of 5.2% per annum. All other financial liabilities do not attract interest.

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.

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 provides 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 was a computer vision and machine learning company and Media Intelligence built and implemented artificially intelligent technologies. These entities were closed in 2019 financial year.

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 received 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. This has been fully impaired.
- 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.

4. Operating segments (continued)

Segment performance

	Technology development $	Healthcare technology $	Jemsoft & Media Intelligence $	Geothermal projects $	Corporate $	Total $
Year ended 30 June 2020:						
Revenue from contracts with customers	-	1,089,475	-	-	-	**1,089,475**
R and D tax concession	1,630,695	-	-	-	-	**1,630,695**
Interest income	-	-	-	-	2,293	**2,293**
Grant revenue	-	137,500	-	-		**137,500**
Total segment revenue	**1,630,695**	**1,226,975**	**-**	**-**	**2,293**	**2,859,963**
Cost of sales: inventories and other cost of sales	(6,611)	(117,728)	-	-	-	**(124,339)**
Employee and contracting expenses	(271,274)	(859,444)	-	-	-	**(1,130,718)**
Finance costs	701	(13,418)	-	-	(810)	**(13,527)**
Directors fees	(136,983)	(15,000)	-	-	(15,000)	**(166,983)**
Consulting and advisory fees	(143)	(32,000)	-	-	(16,500)	**(48,643)**
Occupancy costs	(65,990)	(7,320)	-	-	-	**(73,310)**
Travel	(466)	(31,803)	-	-	-	**(32,269)**
Marketing and promotion costs	(1,538)	(23,557)	-	-	-	**(25,095)**
Professional and legal fees	(138,697)	(66,795)	-	-	(189,861)	**(395,353)**
Legal settlement fee	-	-	-	-	(443,473)	**(443,473)**
Patents and trademarks fees	(24,222)	-	-	-	-	**(24,222)**
Depreciation expense	(11,958)	(10,074)	-	-	-	**(22,032)**
Amortisation expense	-	(52,111)	-	-	-	**(52,111)**
Bad debts expense	(11,250)	-	-	-	-	**(11,250)**
Impairment loss on inventory	-	(87,220)	-	-	-	**(87,220)**
Foreign currency losses	(115)	71	-	-	(150)	**(194)**
Rehabilitation expense	-	-	-	-	(60,408)	**(60,408)**
Gain on disposal of assets	-	455	-	-	-	**455**
Other expenses	(17,000)	(88,101)	-	-	(176,925)	**(282,026)**
Total segment expenses	**(685,546)**	**(1,404,045)**	**-**	**-**	**(903,127)**	**(2,992,718)**
Profit / (loss) before income tax for the year	**945,149**	**(177,070)**	**-**	**-**	**(900,834)**	**(132,755)**

4. Operating segments (continued)

	Technology development $	Healthcare technology $	Jemsoft & Media Intelligence $	Geothermal projects $	Corporate $	Total (Restated) $
Year ended 30 June 2019 (Restated):						
Revenue from contracts with customers	329,493	1,849,239	570	-	-	**2,179,302**
Interest income	-	1,593	-	-	9,720	**11,313**
Grant revenue	47,302	-	-	-	-	**47,302**
Total segment revenue	**376,795**	**1,850,832**	**570**	**-**	**9,720**	**2,237,917**
Cost of sales: inventories and other cost of sales	(259,999)	(765,254)	-	3,759	-	**(1,021,494)**
Employee and contracting expenses	(1,315,639)	(1,168,516)	-	-	-	**(2,484,155)**
Finance costs	-	(35,835)	(171)	-	(4,556)	**(40,562)**
Directors fees	(500,000)	(54,996)	-	-	(54,996)	**(609,992)**
Consulting and advisory fees	(14,538)	-	-	-	-	**(14,538)**
Occupancy costs	(113,821)	(71,547)	(48,105)	10,056	773	**(222,644)**
Travel	(22,315)	(29,336)	-	-	-	**(51,651)**
Marketing and promotion costs	(25,169)	(85,791)	-	-	-	**(110,960)**
Professional and legal fees	(59,821)	(104,844)	-	-	(91,392)	**(256,057)**
Patents and trademarks fees	(136,215)	-	-	-	-	**(136,215)**
Depreciation expense	(16,829)	(14,076)	-	-	-	**(30,905)**
Impairment loss on other receivables	-	-	-	(900,000)	-	**(900,000)**
Impairment loss on intangible assets	(58,526)	-	-	-	-	**(58,526)**
Reversal of impairment on inventory	-	250,826	-	-	-	**250,826**
Foreign currency gain	(1,193)	-	531	-	(63)	**(725)**
Rehabilitation benefit	-	-	-	69,204	-	**69,204**
Loss on sale of assets	-	(4,158)	-	-	-	**(4,158)**
Other expenses	(51,211)	(137,808)	(18,884)	-	(190,706)	**(398,609)**
Total segment expenses	**(2,575,276)**	**(2,221,335)**	**(66,629)**	**(816,981)**	**(340,940)**	**(6,021,161)**
Loss before income tax for the year	**(2,198,481)**	**(370,503)**	**(66,059)**	**(816,981)**	**(331,220)**	**(3,783,244)**

Reconciliation of reportable segment revenues and profit or loss:

	2020 $	2019 (Restated) $
Revenues		
Total revenue for reportable segments	2,859,963	2,237,917
Elimination of discontinued operations	-	(570)
Consolidated revenue from continuing operations	2,859,963	2,237,347
Profit or loss		
Total loss for reportable segments	(132,755)	(3,783,244)
Elimination of discontinued operations	-	66,059
Consolidated loss before income tax from continuing operations	(132,755)	(3,717,185)

4. Operating segments (continued)

Segment assets and liabilities

	Technology development	Healthcare technology	Jemsoft & Media Intelligence	Geothermal projects	Corporate	Eliminations	Total
	$	$	$	$	$	$	$
As at 30 June 2020:							
Total assets	793,436	586,526	-	240	20,372,015	(20,795,458)	**956,759**
Total liabilities	(15,959,818)	(3,123,573)	-	(2,287,964)	(646,079)	20,795,458	**(1,221,976)**
As at 30 June 2019 (Restated):							
Total assets	1,030,085	1,437,097	-	240	20,453,752	(20,744,941)	**2,176,233**
Total liabilities	(17,149,337)	(3,857,178)	-	(2,287,964)	(45,188)	20,744,941	**(2,594,726)**

5. Revenue and other income from contracts with customers

	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
	1,089,475	2,178,732
Other income:		
Interest income	2,293	11,313
R and D tax concession*	1,630,695	-
Grant revenue (JobKeeper and Cashflow Boost)	137,500	47,302
	1,770,488	58,615
	2,859,963	2,237,347

* 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 was deemed to be repayable by the Group at 30 June 2019.

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 2019 to other income during the financial year.

6. Expenses

	2020	2019
	$	$
Loss before income tax includes the following specific expenses:		
Rental expenses relating to operating leases – minimum lease rentals	-	146,890
Defined contribution superannuation expense	96,504	157,292

7. Income tax

	2020	2019 (Restated)
	$	$
(a) Income tax expense		
Current tax	-	-
Deferred tax	(36,166)	(1,040,104)
Adjustments for deferred tax assets of prior periods	1,834,827	(731,590)
De-recognition of deferred tax asset	(1,798,661)	1,771,694
	-	-

The adjustment for deferred tax assets of prior periods in 2020 was due to the overstatement of losses in prior years. The adjustment for deferred tax assets of prior periods in 2019 comprises a change in the corporate tax rate from 30.0% to 27.5% which decreased the deferred tax asset position by $916,565, and a denial of R&D tax incentives which increased the deferred tax asset position by $1,648,155.

	2020	2019 (Restated)
	$	$
(b) Reconciliation of income tax expense to prima facie income tax		
Loss before income tax	(132,755)	(3,783,244)
Tax at the Australian tax rate of 27.5% (2019: 27.5%)	(36,508)	(1,040,392)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development	-	-
Share based payments	-	-
Non-deductible expenses	342	288
DTA arising from prior year timing differences	1,834,827	(731,590)
	1,798,661	(1,771,694)
Deferred tax asset not recognised	(1,798,661)	1,771,694
Income tax expenses	-	-

	2020	2019 (Restated)
	$	$
(c) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Temporary differences at 27.5% (2019: 27.5%)	369,752	686,020
Tax losses at 27.5% (2019: 27.5%)	10,583,901	12,066,294
	10,953,653	12,752,314

Tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these losses 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.

8. Cash and cash equivalents

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

9. 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.

10. Trade and other receivables

	2020 $	2019 $
Current		
Trade receivables	72,426	96,097
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)
	-	-

11. Inventory

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

12. Plant and equipment

	Plant and equipment $	Office equipment $	Computer equipment $	Software $	Motor vehicle $	Low value asset pool $	Leasehold improvement $	Total $
Cost:								
At July 1, 2018	169,260	19,341	53,857	584,780	9,091	117,193	8,204	961,726
Additions	3,974	-	-	-	-	-	-	3,974
Disposal	(22,908)	-	-	-	-	(117,193)	(5,113)	(145,214)
At June 30, 2019	150,326	19,341	53,857	584,780	9,091	-	3,091	820,486
At July 1, 2019	150,326	19,341	53,857	584,780	9,091	-	3,091	820,486
Additions	-	-	-	-	-	-	-	-
Disposal	(2,212)	-	-	-	-	-	-	(2,212)
At June 30, 2020	148,114	19,341	53,857	584,780	9,091	-	3,091	818,274
Accumulated deprecation								
At July 1, 2018	121,691	8,167	27,774	582,200	3,688	117,193	4,285	864,998
Depreciation	11,883	1,792	14,170	1,633	1,350	-	77	30,905
Disposal	(19,533)	-	-	-	-	(117,193)	(3,986)	(140,712)
At June 30, 2019	114,041	9,959	41,944	583,833	5,038	-	376	755,191
At July 1, 2019	114,041	9,959	41,944	583,833	5,038	-	376	755,191
Depreciation	8,511	1,894	10,064	473	1,013	-	77	22,032
Disposal	(2,212)	-	-	-	-	-	-	(2,212)
At June 30, 2020	120,340	11,853	52,008	584,306	6,051	-	453	775,011
Carrying amount								
At June 30, 2020	27,774	7,488	1,849	474	3,040	-	2,638	43,263
At June 30, 2019	36,285	9,382	11,913	947	4,053	-	2,715	65,295

13. Intangible assets

	Trademarks $	Total $
Cost:		
At July 1, 2018	57,826	58,527
Additions	-	-
Disposal	-	-
At June 30, 2019	57,826	58,527
At July 1, 2019	57,826	58,527
Additions	-	-
Disposal	-	-
At June 30, 2020	57,826	58,527
Accumulated amortization and impairment losses		
At July 1, 2019	57,826	58,527
Amortisation and impairment expense	-	-
Disposal	-	-
At June 30, 2019	57,826	58,527
At July 1, 2019	57,826	58,527
Amortisation and impairment expense	-	-
Disposal	-	-
At June 30, 2020	57,826	58,527
Carrying amount		
At June 30, 2020	-	-
At June 30, 2019	-	-

14. Trade and other payables

	2020 $	2019 $
Current		
Trade payables	255,905	161,575
Accrued expenses	74,154	83,283
Other payables	49,893	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.

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 was deemed to be repayable by the Group at 30 June 2019.

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 2019 to other income during the financial year.

15. Borrowings

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

On 1 December 2012, JCT Healthcare Pty Limited ("JCT"), a subsidiary of the Company, received a grant of $230,000 under a Deed of Grant with Bio Innovation SA for the development of a nurse call system. The development was completed on 30 June 2013. Pursuant to the Deed of Grant, JCT is obligated to pay royalties calculated on 7% of the income derived from the commercialization of the messaging software. Furthermore, the amount of the outstanding loan shall accrue annual indexation fees calculated at the Consumer Price Index on the outstanding loan amount.

16. 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.

17. Right of use assets and lease liabilities

	Property
	$
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

17. 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	53,130	-
Interest expense	2,773	-
Payments made in relation to lease liabilities	55,903	-

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.

We lease office and warehouse under rental contract containing extension options for three years. 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.

18. Contributed equity

	2020 No.	2019 No.
Ordinary shares – fully paid	1,792,862,024	1,506,830,774

(a) Movements in equity	**No.**	**$**
Balance at 1 July 2018 and 30 June 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 on 31 December 2019, raising $250,000. No costs were incurred for the issuance of these shares.
(ii) 36,031,250 shares issued to settle outstanding consultancy fee invoices. No cost was incurred for the issuance of these shares.

(b) Employee share option scheme

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

(c) Capital management

When managing capital (equity), the board's objectives are to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The board adjusts the capital structure as necessary to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, the board may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or reduce debt that may be incurred to acquire assets.

No dividends were paid during the year (2019: $nil).

19. 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)

20. 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.

	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)

21. Remuneration of auditors

	2020 $	2019 $
During the year, the following fees were paid or payable to the auditors for their services provided to the Group:		
Audit and other assurance services		
Audit and review of financial reports	61,600	70,000
Non-audit services		
Tax and other services	32,900	49,884
	94,500	119,884

22. Key management personnel

	2020 $	2019 $
(a) Key management personnel compensation		
Short-term employee benefits	166,983	609,992

(b) Other transactions with key management personnel

Mr. John Schultz:

Two entities controlled by Mr. John Schultz, provided supplies and services to the Group totalling $14,574 (2019: $74,251). $5,500 (2019: $15,712) of these transactions remained payable at balance date.

Mr. Con Unerkov:

The Group has been party to a number of transactions with Teko International Limited, a company of which Mr. Con Unerkov is a director and shareholder, including the following:

- $250,000 was raised on 31 December 2019 by placement of 250 million fully paid ordinary shares to Teko at an issue price of 0.1 cents per share.
- Teko entered into a conditional agreement to subscribe for $625,000 of 8% interest convertible notes on 12 May 2020, with a conversion price of 0.1 cents per share. As the conditions were not able to be completed, the agreement was terminated on 19 May 2020 without penalty.
- On 31 December 2019, Xped Limited entered into a Share Placement Agreement ("SPA") issuing 250 million ordinary shares in the Group at $0.001 per ordinary share for total proceeds of $250,000. Pursuant to the SPA, the parent company made certain representations in respect to liabilities in the Group to Teko, the purchaser. However, in the process of preparing the Group's accounts, the Group has become aware that some of the representations made by the Group were not accurate.

  The Group is in the process of determining the extent of its legal liabilities in respect of the potential breach of the SPA. At the date of this report, the Group has not been able to quantify the liability, if any, in respect to these breaches.

23. Cash flow information

	2020 $	2019 (Restated) $
Reconciliation of loss after income tax to net cash outflow from operating activities:		
Loss for the year	(132,755)	(3,783,244)
Non-cash items in profit or loss:		
Depreciation expense	22,032	30,905
Amortisation expense	52,111	-
Impairment loss/(reversal of 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	5,191	35,831
Gain on sale of assets	(455)	4,158
Settlement of creditor invoices via issue of shares	36,031	-
Others	-	345
Change in operating assets and liabilities:		
(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	(1,247,681)	(1,632,076)

24. Earnings per share

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

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

	Note	2020 No.	2019 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	18	124,316,940	-
Effect of shares issued	18	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.

25. Parent entity disclosures

(a) Summary financial information

The individual financial statements for the parent entity, Xped Limited, show the following aggregations.

	2020	2019
	$	$
Results		
Loss for the year	891,393	719,202
Total comprehensive loss for the year	891,393	719,202
Financial position		
Current assets	365,344	498,947
Non-current assets	23,103,968	23,044,748
	23,469,312	23,543,695
Current liabilities	576,167	45,188
Non-current liabilities	-	-
	576,167	45,188
Net assets	22,893,145	23,498,507
Contributed equity	73,078,737	72,792,706
Accumulated losses	(50,185,592)	(49,294,199)
	22,893,145	23,498,507

(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

On 31 December 2019, Xped Limited entered into a Share Placement Agreement ("SPA") issuing 250 million ordinary shares in the Group at $0.001 per ordinary share for total proceeds of $250,000. Pursuant to the SPA, the parent company made certain representations in respect to liabilities in the Group to Teko, the purchaser. However, in the process of preparing the Group's half-year accounts, the Group has become aware that some of the representations made by the Group were not accurate.

The Group intend to seek legal advice to determine the extent of its legal liabilities in respect of a potential breach of the SPA. At the date of this report, the Group has not been able to quantify the liability, if any, in respect to these breaches.

(d) Contractual commitments for capital expenditure

The parent entity did not have any contractual commitments for capital expenditure as at 30 June 2020.

26. Commitments

	2020	2019
	$	$
Operating leases		
Within one year	-	139,368
Later than one year but not later than five years	-	30,291
Later than five years	-	-
	-	169,659

27. 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 2020 %	Equity holding 2019 %
Xped Holdings Ltd	Australia	Ordinary	100	100
Xped Corporation Pty Ltd*	Australia	Ordinary	100	100
Xped USA Holdings Pty Ltd*	Australia	Ordinary	100	100
Xped Asia Holding Pty Ltd	Australia	Ordinary	100	100
Xped Healthcare Pty Ltd	Australia	Ordinary	100	100
Osiris Energy Ltd	Australia	Ordinary	100	100
JCT Healthcare Pty Ltd	Australia	Ordinary	100	100
Xped USA LLC*	USA	Ordinary	100	100

*held for sale after Board determination on 6 July 2020

Interests in joint arrangements and associates

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.

On 16 January 2017 KS Orka completed acquisition of Sokoria Geothermal Project. Under the terms of the SPA Xped received the nominal amount of US$1.00. An additional payment of up to US$947,368 will become payable within 30 days of KS Orka issuing notification of intent to develop project. After taking into consideration the timing and final amount to be paid management has decided to fully impair the amount receivable.

(b) Joint operations

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 the previous years. The Group will look to divest its impaired projects moving forward.

(c) Investment in associates

In 2019, the Group has disposed its 35 per cent equity interest in Vital Xense Pte Ltd, a company incorporated in Sinagpore. Vital Xense is an IoT solutions and platform manufacturer. The carrying amount of the investment is nil.

28. Subsequent events

Other than the subsequent events listed below there were no other significant events after the financial year end.

(a) On 7 July 2020, the Group entered into a termination agreement ("Termination Agreement") with Heuresy LLC and Heuresy Labs LLC (together referred as "Heuresy") to terminate the Technology Development Agreement ("Development Agreement") dated 23 May 2018 amongst the parties.

Pursuant to the Termination Agreement, the parties agreed to i) terminate the Development Agreement and any obligations and claims arising therefrom and ii) the Group shall pay Heuresy A$360,000 or equivalent to about US$250,000 for terminating the Development Agreement. The payment of the A$360,000 shall be made as follows: i) A$50,000 at completion, ii) A$200,000 by the issuance of a Convertible Note which is further detailed below, iii) transfer all the shares in Xped Holdings Limited which holds certain patents and the ADRC technologies ("Technologies") to Heuresy. In addition, the parties shall enter into a technology Licensing agreement granting the Group the right to resell the products developed using the Technologies and access to the ADRC technology for future development as further detail in Appendix A of the ASX announcement dated 9 July 2020.

On 13 July 2020, the Group issued to Heuresy a A$200,000 Convertible Note that has the following terms: non-interest bearing, unsecured, convertible at A$0.001 per share and payable in one year unless earlier converted. The conversion is subject to Shareholders approving the issuance of the Shares underlying the Notes pursuant to the ASX Listing Rules. The noteholder has agreed that any converted shares will be restricted for sale until the first-year anniversary date of the issuance of the Convertible Note. Further details on the note can be found in Appendix A of the ASX announcement dated 9 July 2020.

An amount of $364,272 has been provided for as a provision at balance date. Refer to note 16 for further information.

(b) On 14 July 2020, the Group received a judgement from the Magistrates Court of South Australia settling a breach of lease contract default in respect of a leased premise. The judgement requires the Group to pay $79,200, which has been provided for as a provision at balance date. Refer to note 16 for further information.

(c) On 7 September 2020, the Group received the $869,870 in tax refund for R&D incentives for the taxation year 2018/19.

(d) On 6 July 2020 the Board determined to divest or dispose of its dormant or inactive subsidiaries to rationalize its operations as indicated in Note 27. From this date onward, the Company did not consolidate these companies accounts and instead treated them as companies held for sale in the accounts. On 8 September 2020 the Company divested its shareholding holdings in XPED Corporation Pty Ltd to approximately 2%.

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 2020 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);

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

(d) the directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

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

Con Unerkov
Chairman

Adelaide, South Australia
30 September 2020

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Brisbane, QLD 4000

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Brisbane, QLD 4001

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Independent Auditor's Report to the Members 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 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 2020 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 (including Independence Standards) (*"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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) in the financial report which states that as at 30 June 2020 the Group has $370,675 (2019: $1,405,831) in cash and cash equivalents and net liabilities of $265,217 (2019: $418,493). During the year ended 30 June 2020 the Group incurred a loss after tax of $132,755 (2019: $3,783,244 loss) and a net cash outflow from operating activities, excluding government grants and refundable R&D tax incentives, of $1,345,680 (2019: $3,313,985 outflow).

As stated in Note 1(a), these events or conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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
Provision for obsolete stock *(Refer to Notes 1(i), 2(c) and 11)*	
We have focused on this area because the value of the inventory is material and the evaluation of the recoverable amount, given the specialised nature of inventory, requires significant judgement.	Our procedures included, amongst others: • Understanding and assessing the relevant controls and processes associated with identifying slow moving and obsolete inventory and adjustments made by management; • Attending the Group's stock take to identify items which appeared to be slow moving and subsequently assessed these items for potential impairment; • Assessing historical sales volumes and the ability of the Group to realise existing stock holdings through use or sale; • Evaluating management's key judgments, assumptions and methodology in calculating the stock obsolescence provision; 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 information included in the Group's annual report for the year ended 30 June 2020 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 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.

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, actions to eliminate threats or safeguards applied.

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 6 to 10 of the directors' report for the year ended 30 June 2020. In our opinion, the Remuneration Report of Xped Limited, for the year ended 30 June 2020, 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

DANIEL COLWELL
Partner

Brisbane, Queensland
30 September 2020

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 16 September 2020.

Twenty largest shareholders

Rank	Name of holder	No. of ordinary shares held	Issued capital %
1	TEKO INTERNATIONAL LIMITED	250,000,000	13.94%
2	JK GROUP AUSTRALIA PTY LTD <JK FAMILY A/C>	140,288,321	7.82%
3	MRS CLAIRE MARY WOOD	88,818,100	4.95%
4	MRS DUANRONG ZHANG	32,000,000	1.78%
5	MR CYRUS ALLEN	24,493,727	1.37%
6	ALANTICX TECHNOLOGIES PTY LTD <ALANTICX A/C)	23,914,600	1.33%
7	BNP PARIBAS NOMS PTY LTD <DRP>	22,200,000	1.24%
8	SBI INVESTMENTS (PR) LLC	19,531,250	1.09%
9	MR HEMANT KUMAR VANMALI <SUNI-JAY A/C>	18,250,000	1.02%
10	MR CHRISTOPHER JOHN CARNIE	15,000,000	0.84%
11	CITICORP NOMINEES PTY LIMITED	14,015,653	0.78%
12	GREGORY DENISE PYT LIMITED <GREGORY DENISE SUPER A/C>	13,897,359	0.78%
13	MR GREGORY ALAN STOREY	13,000,000	0.73%
14	MR RAMIN VAHDANI	13,000,000	0.73%
15	MR THANH PHUOC LU & MRS THI ANH TUYET LU	12,000,000	0.67%
16	MR JOHN MIHAILAROS	11,000,000	0.61%
17	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	10,300,610	0.57%
18	MR QIN ZHANG	10,250,000	0.57%
19	MR ALDO MOSENICH	10,250,000	0.57%
20	GLM KOPPA PTY LTD <KOPPA FAMILY SUPER FUND A/C>	10,149,095	0.57%
	Total	**752,358,715**	**41.96%**
	Total issued capital	**1,792,862,024**	**100.00%**

Substantial shareholders

Substantial shareholders as advised to the Group are set out below:

Name of holder	No. of ordinary shares held	Issued capital %
TEKO INTERNATIONAL LIMITED	250,000,000	13.94%
JK GROUP AUSTRALIA PTY LTD <JK FAMILY A/C>	140,288,321	7.82%

Distribution of member holdings

Holding ranges	Holders	Total units	%issued share capital
1 - 1,000	228	30,089	0.00%
1,001 - 5,000	80	273,409	0.02%
5,001 - 10,000	99	759,319	0.04%
10,001 - 100,000	1,627	69,271,429	3.86%
100,001 - 9,999,999,999	1,260	1,722,527,778	96.08%
Totals	**3,294**	**1,792,862,024**	**100.00%**

The number of security investors holding less than a marketable parcel of securities is 2,779 with a combined total of 239,388,233 securities.

Voting rights

All shares carry one vote per share without restriction.