

# Xped Limited

## Appendix 4D Half Year Report ended 31 December 2020

### Results for announcement to the market

Results	Movements			31 December 2020 \$	31 December 2019 \$
Revenue from ordinary activities	down	39.82%	to	1,385,149	2,301,582
Profit from ordinary activities after tax	Up	63.78%	to	873,782	533,496
Profit for the period attributable to the shareholders	Up	63.78%	to	873,782	533,496

#### **From continuing activities:**

Revenue from continuing activities	down	39.82%	to	1,385,149	2,301,582
Profit from continuing activities after tax	Up	63.78%	to	873,782	533,496
Profit from continuing activities attributable to the shareholders	Up	63.78%	to	873,782	533,496

#### **Earnings per share attributable to the shareholders of the company**

	Cents	Cents
Basic earnings per share	0.05	0.04
Diluted earnings per share	0.04	0.04

#### **Net tangible asset backing**

Per ordinary security (cents per share)	0.08	0.02
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#### **Dividends payable**

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

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

Nil

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

Xped Holdings Limited shares were sold during the period to settle an outstanding obligation.

Xped Limited's interest in Xped Corporation Pty Ltd was reduced from 100% to 2.2%, resulting in the loss of control.

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

Nil

# Xped Limited

ABN 89 122 203 196



ASX:XPE

## **Interim Financial Report for the half financial year ended 31 December 2020**

# Xped Limited

## Interim Financial Report – Half-Year Ended 31 December 2020

### Contents

Directors' Report.....	4
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	7
Condensed Consolidated Statement of Financial Position .....	8
Condensed Consolidated Statement of Changes in Equity .....	9
Condensed Consolidated Statement of Cash Flows .....	10
Notes to the Financial Statements .....	11
Directors' Declaration .....	17
Independent Auditor's Review Report to the Members of Xped Limited .....	18

This interim financial report does not include all of the notes and other disclosure information of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the financial year ended 30 June 2020 and any public announcements made by Xped Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## **Corporate directory**

<b>Directors</b>	Mr. Con Unerkov (Executive Chairman and director) Mr. Elvis Diao (Non-executive director) Mr. Peter Whelan (Non-executive director)
<b>Company secretary</b>	Ms. Julie Edwards
<b>Registered office in Australia</b>	Level 6, 412 Collins Street Melbourne, Victoria, 3000
<b>Principal office in Australia</b>	Unit 1, 25 London Road, Mile End South, SA 5031
<b>Share registry</b>	Automatic 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
<b>Auditor</b>	Pitcher Partners Chartered Accountants Central Plaza One 345 Queen Street Brisbane, Queensland, 4000
<b>Stock exchange listing</b>	Australian Securities Exchange Ltd XPE - listed ordinary shares
<b>Website address</b>	<a href="http://www.xped.com">www.xped.com</a>

## Directors' Report

The directors present their report on Xped Limited (the "Company" or "Xped") and the entities it controlled ("the Group") at the end of, or during, the half-year ended 31 December 2020.

### Directors

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

Mr. Con Unerkov	Executive Chairman and director	
Mr. Elvis Diao	Non-executive director	
Mr. Peter Whelan	Non-executive director	(Appointed on 29 January 2021)
Mr. John Schultz	Executive director	(Retired on 29 January 2021)
Mr. Cecil Te Hwai Ho	Executive director	(Retired on 29 January 2021)
Dr. Heming Cui	Non-executive director	(Retired on 29 January 2021)

### Company secretary

Mrs. Julie Edwards

### Principal activities

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 a more efficient interactive environment for the occupant.

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

### Dividends

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

### Review and results of operations

The Group realised a profit after tax for the half-year of \$873,782 (2019: profit of \$533,496).

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

- Successfully streamlined the operations and generating positive cashflows from operations.
- Successfully positioned the Group to come out of the pandemic be stronger in the professional healthcare market.

During the period, the Company continued to streamline and restructure the group by disposing inactive companies. Also, with the settlement of a dispute with a customer on a development agreement, we have restructured the companies whereby our focus will shift to using more contract developers rather than in-house development for the IoT sector in order to contain development costs and increase technology exposure, to improve our competitiveness and efficiency.

### Health, safety, environment, and community

During the half-year under review, there were no reportable incidents relating to health, safety, or community-related matters.

No business objective will take priority over the Occupational Health and Safety Policy and the Company's record of achievement in this important area of its activities will form an essential part of the measure of its overall success.

## Directors' Report (continued)

### Events occurring after balance sheet date

Other than as disclosed in notes to the financial statements, there has not arisen in the interval between the end of the financial year and the date of the report any matter or circumstance that has significantly affected, or may significantly affect the Group's operations, results or the state of affairs in future financial years.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

### Rounding of amounts

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

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



**Mr. Con Unerkov**  
Chairman

**Adelaide, South Australia**

**26 February 2021**

The Directors  
Xped Limited  
Level 6, 412 Collins Street  
MELBOURNE VICTORIA 3000

### Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 31 December 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 period.



PITCHER PARTNERS



DANIEL COLWELL  
Partner

Brisbane, Queensland  
26 February 2021

Xped Limited  
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For The Half-Year Ended 31 December 2020

		Half-Year to 31 December 2020 \$	31 December 2019 \$
	Note		
<b>Revenue and other income from contracts with customers</b>	3	1,385,149	2,301,582
Gain on disposal of shares in subsidiaries	8	263,698	-
Foreign currency gains /(losses)		4,285	(772)
Employee and contracting expense		(222,004)	(802,412)
Impairment of inventory		(170,395)	(118,220)
Cost of sales: inventories and other cost of sales		(103,863)	(24,257)
Professional and legal costs		(77,304)	(302,583)
Depreciation and amortisation expense		(33,039)	(37,715)
Consulting and advisory fees		(32,000)	(143)
Impairment of other receivable		(21,234)	-
Patents and trademarks fees		(8,065)	(22,872)
Occupancy costs		(7,321)	(53,346)
Finance costs		(5,710)	(39,731)
Travel		(1,135)	(22,544)
Marketing and promotion		(399)	(24,782)
Directors fees		-	(166,983)
Other expenses		(96,881)	(151,726)
<b>Profit before income tax</b>		<b>873,782</b>	<b>533,496</b>
Income tax expense		-	-
<b>Total profit for the half-year</b>		<b>873,782</b>	<b>533,496</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the half-year</b>		<b>873,782</b>	<b>533,496</b>
Total comprehensive income attributable to:			
Owners of the parent		873,782	533,496
Non-controlling interests		-	-
		<b>873,782</b>	<b>533,496</b>

**Earnings per share for profit attributable to the shareholders of the company**

	Cents	Cents
Basic and diluted earnings per share	0.05	0.04
Diluted earnings per share	0.04	0.04

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



Xped Limited  
Condensed Consolidated Statement of Financial Position  
As at 31 December 2020

		31 December 2020 \$	30 June 2020 \$
<b>ASSETS</b>	<b>Note</b>		
<b>Current assets</b>			
Cash and cash equivalents	4	991,252	370,675
Other financial assets		100,000	100,000
Trade and other receivables		141,065	119,813
Other current assets		27,809	61,432
Inventory		92,343	232,674
<b>Total current assets</b>		<b>1,352,469</b>	<b>884,594</b>
<b>Non-current assets</b>			
Plant and equipment		27,084	43,263
Right of use assets		2,705	28,902
<b>Total non-current assets</b>		<b>29,789</b>	<b>72,165</b>
<b>TOTAL ASSETS</b>		<b>1,382,258</b>	<b>956,759</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		187,565	379,952
Convertible note	6	200,000	-
Provisions		112,214	545,424
Lease liabilities		2,909	27,883
<b>Total current liabilities</b>		<b>502,688</b>	<b>953,259</b>
<b>Non-current liabilities</b>			
Borrowings		262,158	261,102
Provisions		8,847	7,615
<b>Total non-current liabilities</b>		<b>271,005</b>	<b>268,717</b>
<b>TOTAL LIABILITIES</b>		<b>773,693</b>	<b>1,221,976</b>
<b>NET ASSETS / (LIABILITIES)</b>		<b>608,565</b>	<b>(265,217)</b>
<b>EQUITY</b>			
Contributed equity	7	27,177,980	27,177,980
Accumulated losses		(26,569,415)	(27,443,197)
<b>TOTAL EQUITY / (DEFICITS)</b>		<b>608,565</b>	<b>(265,217)</b>

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

Xped Limited  
Condensed Consolidated Statement of Changes in Equity  
For the Half-Year Ended 31 December 2020

	Contributed equity	Accumulated losses	Total
	\$	\$	\$
<b>2020</b>			
<b>Balance at 1 July 2020</b>	27,177,980	(27,443,197)	(265,217)
Profit for the half-year	-	873,782	873,782
Other comprehensive income	-	-	-
Total comprehensive income for the half-year	-	873,782	873,782
<b>Balance at 31 December 2020</b>	<b>27,177,980</b>	<b>(26,569,415)</b>	<b>608,565</b>
<b>2019</b>			
<b>Balance at 1 July 2019</b>	26,891,949	(27,243,607)	(351,658)
Profit for the half-year	-	533,496	533,496
Other comprehensive income	-	-	-
Total comprehensive income for the half-year	-	533,496	533,496
<b>Transactions with owners in their capacity as owners:</b>			
Ordinary shares issued by private placement	250,000	-	250,000
<b>Balance at 31 December 2019</b>	<b>27,141,949</b>	<b>(26,710,111)</b>	<b>431,838</b>

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

**Xped Limited**  
**Condensed Consolidated Statement of Cash Flows**  
**For the Half-Year Ended 31 December 2020**

		<b>Half-year to</b>	
		<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b>Note</b>			
<b>Cash flows from operating activities</b>			
		380,915	736,990
Receipts from customers (inclusive of GST)			
Interest received		13	1,999
Interest paid		(4,654)	(1,553)
Government grants and tax concession received		1,022,570	-
Payments to suppliers and employees (inclusive of GST)		(753,294)	(1,795,419)
<b>Total net cash inflow/(outflow) from operating activities</b>	<b>5</b>	<b>645,550</b>	<b>(1,057,983)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of plant and equipment		-	455
Proceeds from investment in term deposits		-	20,000
<b>Total net cash inflow from investing activities</b>		<b>-</b>	<b>20,455</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		-	(4,798)
Repayment of lease liabilities		(24,973)	(26,587)
Proceeds from issue of shares		-	250,000
<b>Total net cash inflow/(outflow) from financing activities</b>		<b>(24,973)</b>	<b>218,615</b>
Net increase/(decrease) in cash and cash equivalents		620,577	(818,913)
Cash and cash equivalents at the beginning of the half-year		370,675	1,405,831
<b>Cash and cash equivalents at the end of the half-year</b>	<b>4</b>	<b>991,252</b>	<b>586,918</b>

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

## **1 Significant accounting policies**

### **(a) Basis of preparation**

These general purpose condensed financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard AASB134 *Interim Financial Reporting*.

The Group is a for-profit entity for the purpose of preparing the financial statements. This interim financial report is intended to provide users with an update of the latest half-year financial statements of Xped Limited and its controlled entities (the Group). As such, it does not contain all notes of the type normally included in an annual financial report. The same accounting policies have been applied in the interim financial statements as compared to the most recent annual financial statements for the year ended 30 June 2020. It is therefore recommended that this financial report be read in conjunction with the annual financial report of the Group for the year ended 30 June 2020, together with any public announcements made during the half-year.

The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. There was no material impact on the financial report as a result of the adoption of these standards.

### **(b) 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 will continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As at 31 December 2020 the Group has \$991,252 in cash and cash equivalents and net assets of \$608,565. During the half-year ended 31 December 2020 the Group incurred a loss after tax, excluding government grants, refundable R&D tax incentives and gains on the disposal of subsidiaries, of \$357,757 and a net cash outflow from operating activities, excluding government grants and refundable R&D tax incentives, of \$377,020.

The continuing cash outflows (excluding government grants and refundable R&D tax incentives) from operating activities continue to reduce the Group's cash and net working capital position. As a result, the Directors have implemented plans to address the Group's ongoing operations which includes, amongst others:

- Improving the cash position of the Group by subsequently raising \$1,396,431 for working capital purposes. Refer to note 11 for further information.
- Reducing the operational expenditures relating to in-house R&D expenditures associated with IoT products;
- Monitoring the Group's actual versus budgeted cash burn each month;
- Growing the healthcare business by sourcing products that are complementary to our existing healthcare products;
- Ensuring the Group does not enter long term contractual commitments with suppliers or enter into any onerous development contracts; and
- Exploring M&A and/or capital raising opportunities with strategic partners to build our technology development and 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.

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 interim 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 interim 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 interim financial statements.

### **(c) Rounding of amounts**

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

## 2 Operating segments

### Identification of reportable segments

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

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

#### Healthcare technology

JCT Healthcare Pty Ltd is a provider of innovative communication technology solutions, including the development and distributions of its own range of nurse call hardware and software solutions for use across multiple healthcare sectors in hospitals, aged care, disability care and supported independent living.

#### Technology development

Technology focused on the Internet of Things (IoT) and continuing the development of Auto Discovery Remote Control (ADRC) technology. The Company has restructured its method of technology development by using more contractors for development work rather than in-house development so to contain development costs and increase technology exposure to improve our competitiveness and efficiency.

#### 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 non-executive director's fees, listing and share registry fees, insurance, and corporate services.

## 2 Operating segments (continued)

### (i) Segment performance

	Technology development \$	Healthcare technology \$	Geothermal projects \$	Corporate \$	Total \$
<b>Half-year ended 31 December 2020:</b>					
Interest revenue	-	8	-	9	17
Revenue:					
- Over time	-	204,677	-	-	204,677
- At a point in time	-	191,384	-	-	191,384
Other income	-	119,200	-	-	119,200
R and D tax concession	869,871	-	-	-	869,871
Total segment revenue	869,871	515,269	-	9	1,385,149
Gain on disposal of subsidiaries	-	-	-	263,698	263,698
Total segment expenses	(9,479)	(629,335)	(1,267)	(134,984)	(775,065)
<b>Profit/(loss) before income tax for the half-year</b>	<b>860,392</b>	<b>(114,066)</b>	<b>(1,267)</b>	<b>128,723</b>	<b>873,782</b>

### Half-year ended 31 December 2019:

Interest revenue	-	-	-	1,728	1,728
Revenue:					
- Over time	-	500,444	-	-	500,444
- At a point in time	-	168,260	-	-	168,260
Gain on disposal of assets	-	455	-	-	455
Other income	-	-	-	-	-
R and D tax concession	1,630,695	-	-	-	1,630,695
Total segment revenue	1,630,695	669,159	-	1,728	2,301,582
Gain on disposal of subsidiaries	-	-	-	-	-
Total segment expenses	(542,588)	(903,205)	-	(322,293)	(1,768,086)
<b>Profit/(loss) before income tax for the half-year</b>	<b>1,088,107</b>	<b>(234,046)</b>	<b>-</b>	<b>(320,565)</b>	<b>533,496</b>

### (ii) Segment assets and liabilities

	Technology development \$	Healthcare technology \$	Geothermal projects \$	Corporate \$	Eliminations \$	Total \$
<b>As at 31 December 2020:</b>						
Total assets	-	429,505	240	5,938,652	(4,986,139)	1,382,258
Total liabilities	-	(3,141,007)	(2,303,675)	(315,150)	4,986,139	(773,693)
<b>As at 30 June 2020:</b>						
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)

### 3 Revenue and other income

	Half-year to 31 December 2020 \$	31 December 2019 \$
<i>Revenue from contracts with customers:</i>		
Revenue recognised at a point in time – sale of goods	191,384	500,444
Revenue recognised over time – projects and services	204,677	168,260
	<u>396,061</u>	<u>668,704</u>
<i>Other income:</i>		
Interest income	17	1,728
R&D tax concession	869,871	1,630,695
Gain on disposal of assets	-	455
Government grants (JobKeeper and Cashflow Boost)	119,200	-
	<u>989,088</u>	<u>1,632,878</u>
	<u>1,385,149</u>	<u>2,301,582</u>

### 4 Cash and cash equivalents

	31 December 2020 \$	30 June 2020 \$
Cash on hand	240	242
Cash at bank	991,012	370,433
	<u>991,252</u>	<u>370,675</u>

### 5 Cash flow information

	Half-year to 31 December 2020 \$	31 December 2019 \$
<i>Reconciliation of profit after income tax to net cash inflow/(outflow) from operating activities:</i>		
Profit for the half-year	873,782	533,496
<u>Non-cash items in profit or loss:</u>		
Depreciation and amortisation expense	33,039	37,715
Impairment of other receivables	21,234	11,250
Indexation of BioSA loan	1,053	38,178
Gain on disposal of subsidiaries	(263,698)	-
Impairment of inventory	170,395	-
Gain on sale of asset	-	(455)
<u>Change in operating assets and liabilities:</u>		
(Increase)/decrease in trade or other receivables	(21,252)	11,778
(Increase)/decrease in inventory	(30,064)	107,326
Decrease in other current assets	31,177	39,109
Decrease in trade and other payables	(127,338)	(1,756,094)
Increase in contract liabilities	-	56,779
Decrease in provisions	(42,776)	(137,065)
Net cash inflow/(outflow) from operating activities	<u>645,550</u>	<u>(1,057,983)</u>

## 6 Convertible note

	31 December 2020 \$	30 June 2020 \$
Convertible note	200,000	-

The Company issued 200 million convertible notes ("Notes") at an issue price of \$0.001 per note for total proceeds of \$200,000 on 13 July 2020. The Notes are non-interest bearing, unsecured, convertible at \$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.

Subsequent to balance date after the shareholders approved the issuance of the underlying shares, the Notes were automatically converted to fully paid ordinary shares, the sale of which is restricted until 13 July 2021. Refer to note 11 for further information.

## 7 Contributed equity

	31 December 2020 No.	30 June 2020 No.
Ordinary shares – fully paid	1,792,862,024	1,792,862,024

	Half-year to 31 December 2020		Half-year to 31 December 2019	
	No.	\$	No.	\$
Balance at the start of the half-year	1,792,862,024	27,177,980	1,506,830,774	26,891,949
Issue of shares by private placement (i)	-	-	250,000,000	250,000
Balance at the end of the half-year	1,792,862,024	27,177,980	1,756,830,774	27,141,949

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

## 8 Disposal of subsidiaries

The Group made the following changes to the group composition during the half-year:

- Xped USA LLC and Xped USA Holdings were wound up for nil consideration.
- Xped Holdings Limited shares were sold as part of the settlement of an outstanding liability. 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 dated 23 May 2018. Pursuant to the Termination Agreement, the parties agreed to sell all the shares in Xped Holdings Limited to Heuresy.
- Interest in Xped Corporation Pty Ltd was reduced to 2.2% due to the issue of shares to a third-party. The investment in Xped Corporation Pty Ltd is consequently accounted for at fair value through profit or loss in accordance with AASB 9 *Financial Instruments*. The fair value was determined as \$nil at 31 December 2020.

The details of the net gain on the disposal/wind up of subsidiaries during the half-year are set out below:

	31 December 2020 \$	31 December 2019 \$
Settlement of liability	110,000	-
Carrying amount of net liabilities derecognised:		
Other assets	2,446	-
Plant and equipment	9,337	-
Trade payables and accrual	(165,481)	-
	(153,698)	-
Gain on disposal of shares in subsidiaries	263,698	-



## **9 Contingent liabilities**

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 International Limited, the purchaser. However, in the process of preparing the Group's annual accounts for the year ended 30 June 2020, the Group has become aware that some of the representations made by the Group were not accurate.

The Group is currently seeking 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.

## **10 Related party transactions**

Two entities controlled by Mr. John Schultz, provided supplies and services to the Group totaling \$nil (2019: \$8,831). \$nil (2019: \$nil) of these transactions remained payable at balance date.

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

## **11 Events subsequent to the reporting date**

The following events have occurred subsequent to 31 December 2020:

- i) Placement of Shares. On 13 January 2021, the Company placed out 200 million shares at the issue price of \$0.001 per share for total proceeds of A\$200,000.
- ii) Issue of Share Options and Convertible Note. At the Annual General Meeting held on 29 January 2021, the Shareholders approved the following:
  - a) the issuance to Teko International Limited options to subscribe for 250 million shares at an exercise price of A\$0.001 by 30 June 2021; and
  - b) the capacity to issue the 200 million shares to Heursey Labs LLC in respect of the short-term debts of A\$200,000 on the balance sheet. Pursuant to the Debt Agreement, the \$200,000 debt is automatically converted once the Company has the legal capacity to issue such shares. On 5 February 2021, the A\$200,000 debt was converted into 200 million shares in the Company.
- iii) Convertible Debt. On 8 February 2021 the Company issued a A\$200,000 convertible note deed. Under the terms of the deed, the convertible note is unsecured and accrue interest at 8% per annum, and convertible into shares in the Company at a conversion price of A\$0.001 per share within 12 months from the date of receipt of the subscription amount, provided that the Company has the legal capacity to issue the shares under the conversion and the voting power does not exceed 19.99%. The holder's rights to convert the convertible notes into shares is subject to approval by the Company's shareholders, which will be sought by the Company at a general meeting within 8 weeks from the date of the issuance of the convertible note.
- iv) Entitlement Offer. On 25 January 2021, the Company announced a 1 for 2 non -renounceable Entitlement Offer at A\$0.001 per share. The issue will raise up to approximately A\$996,431 if the offer is fully subscribed.  
  
 On 5 February 2021, the Company entered into an underwriting agreement with CIMC Marketing Pty Limited for an amount up to A\$500,000 to take up any shortfall of acceptance from other Shareholders. An underwriting fee of 5% of the total amount, being \$25,000, was paid.  
  
 On 24 February 2021, the Company announced that the Entitlement Offer was fully subscribed and received A\$996,431 and accordingly will issue 996,431,000 shares in the Company.
- v) At the Annual General Meeting held on 29 January 2021, Messrs. John Schultz, Cecil Ho and Heming Cui all retired as directors of the Company, and Mr. Peter Whelan was appointed as an independent director.

Other than disclosed below, there has been no matter or circumstance, which has arisen since 31 December 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial periods subsequent to 31 December 2020, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial periods subsequent to 31 December 2020, of the Group.

## Directors' Declaration

In the directors' opinion:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



**Mr. Con Unerkov**  
Director

**26 February 2021**

**INDEPENDENT AUDITOR'S REVIEW REPORT****To the Members of Xped Limited****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the half-year financial report of Xped Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated balance sheet as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1 in the financial report which states that as at 31 December 2020 the Group has \$991,252 in cash and cash equivalents and net assets of \$608,565. During the half-year ended 31 December 2020 the Group incurred a loss after tax, excluding government grants, refundable R&D tax incentives and gains on the disposal of subsidiaries, of \$357,757 and a net cash outflow from operating activities, excluding government grants and refundable R&D tax incentives, of \$377,020.

As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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.

**Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company 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 annual 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 review report.

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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NICOL FISCHER	PETER CARENZUJI	KYLIE LAMPRECHT	BRETT HEADRICK	COLE WILKINSON	JEREMY JONES	JAMES FIELD	ROBYN COOPER	CHERYL MASON	MURRAY GRAHAM
MARK NICHOLSON	JASON EVANS	NORMAN THURECHT	WARWICK PAGE	SIMON CHUN	TOM SPLATT	DANIEL COLWELL	FELICITY CRIMSTON	KIERAN WALLIS	

### Responsibility of the Directors for the Financial Report

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

### Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*Pitcher Partners*

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DANIEL COLWELL  
Partner

Brisbane, Queensland  
26 February 2021