

# **XPED HOLDINGS LTD**

**ACN: 132 435 342**

**Financial Statements**

**For the Year Ended 30 June 2014**

**XPED HOLDINGS LTD**

**Contents**

**For the Year Ended 30 June 2014**

	<b>Page</b>
<b>Financial Statements</b>	
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	1
Profit and Loss Statement	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Directors' Declaration	14
Independent Audit Report	15

## **Auditors Independence Declaration under Section 307C of the Corporations Act 2001 To the Directors of XPED HOLDINGS LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Bentleys (SA) Partnership



DAVID PAPA  
PARTNER

26 November 2015

Adelaide

**XPED HOLDINGS LTD**  
**Profit and Loss Statement**  
**For the Year Ended 30 June 2014**

	2014	2013
	\$	\$
<b>Income</b>		
Interest received	1,145	-
Government grants	-	22,500
R & D refund	<u>301,156</u>	<u>335,003</u>
	<b>302,301</b>	<b>357,503</b>
<b>Expenditure</b>		
Accounting fees	(3,000)	(4,185)
Administration costs	(200)	-
Advertising	(3,248)	(3,838)
Bank charges	(699)	(1,363)
Computer expenses	(2,364)	(1,273)
Contract Work	(38,555)	(57,295)
CPA Global	(20,596)	-
Depreciation - plant and equipment	(19,904)	(19,798)
Depreciation - office furniture & equipment	(1,555)	(1,932)
Fees and Permits	(26,670)	(460)
Freight & cartage	(3,462)	(7,811)
Internet expenses	(539)	(718)
Legal expenses	(22,851)	(26,404)
Materials, parts & supplies	(43,268)	(40,917)
Patent & trademark fees	(132,061)	(189,828)
Printing, postage and stationery	(258)	(482)
Professional fees	(17,625)	-
Repairs and maintenance	(535)	-
R & D tax consultancy	(1,250)	(5,625)
Staff training & welfare	-	(3,158)
Subcontractors	(146,112)	(161,535)
Subscriptions	(7,285)	(7,955)
Sundry expenses	(1,479)	(1,462)
Superannuation contributions	(26,003)	(30,435)
Telephone	(1,266)	(1,622)
Travelling expenses	(11,950)	(3,784)
Wages	(310,274)	(363,184)
Workercover	(1,345)	(1,549)
	<u>(844,354)</u>	<u>(936,613)</u>
<b>Profit before income tax</b>	<b>(542,053)</b>	<b>(579,110)</b>
Income tax expense	-	-
<b>Profit for the year</b>	<u><b>(542,053)</b></u>	<u><b>(579,110)</b></u>

The accompanying notes form part of these financial statements.

**XPED HOLDINGS LTD**  
**Statement of Financial Position**  
**30 June 2014**

	2014	2013
Note	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	4 6,119	7,333
Trade and other receivables	5 305,852	356,647
<b>TOTAL CURRENT ASSETS</b>	<u>311,971</u>	<u>363,980</u>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	6 11,081	32,540
Intangible assets	7 4,394,385	4,394,385
<b>TOTAL NON-CURRENT ASSETS</b>	<u>4,405,466</u>	<u>4,426,925</u>
<b>TOTAL ASSETS</b>	<u>4,717,437</u>	<u>4,790,905</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	8 187,234	132,670
<b>TOTAL CURRENT LIABILITIES</b>	<u>187,234</u>	<u>132,670</u>
<b>NON-CURRENT LIABILITIES</b>		
Financial Liabilities	9 5,766,571	5,352,550
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>5,766,571</u>	<u>5,352,550</u>
<b>TOTAL LIABILITIES</b>	<u>5,953,805</u>	<u>5,485,220</u>
<b>NET ASSETS</b>	<u>(1,236,368)</u>	<u>(694,315)</u>
<b>EQUITY</b>		
Issued capital	10 1,320	1,320
Retained earnings	<u>(1,237,688)</u>	<u>(695,635)</u>
<b>TOTAL EQUITY</b>	<u>(1,236,368)</u>	<u>(694,315)</u>

The accompanying notes form part of these financial statements.

**XPED HOLDINGS LTD**  
**Statement of Changes in Equity**  
For the Year Ended 30 June 2014

2014

	Share Premium Reserve	Retained Earnings	Deficit Accumulated During Development Stage	Total	
	\$	\$	\$	\$	
Balance at 1 July 2013	-	509,099	(379,164)	(824,250)	(694,315)
Net profit/(loss) for the year	-	-	(542,053)	-	(542,053)
Balance at 30 June 2014	-	509,099	(921,217)	(824,250)	(1,236,368)

2013

	Share Premium Reserve	Retained Earnings	Deficit Accumulated During Development Stage	Total	
	\$	\$	\$	P\$	
Balance at 1 July 2012	-	509,099	199,946	(5,292,043)	(4,582,998)
Net profit/(loss) for the year	-	-	(579,110)	73,408	(505,702)
Prior Period Error				4,394,385	4,394,385
		2(i)			
Balance at 30 June 2013	-	509,099	(379,164)	(824,250)	(694,315)

The accompanying notes form part of these financial statements.

**XPED HOLDINGS LTD**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2014**

	2014	2013
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	-	25,000
Payments to suppliers and employees	(773,002)	(835,242)
Interest received	1,145	-
Interest paid	(25)	(38,411)
R & D tax refund received	356,647	287,501
Net cash provided by/(used in) operating activities	<u>(415,235)</u>	<u>(561,152)</u>
	15	
Purchase of property, plant and equipment	-	(4,652)
Net cash used by investing activities	<u>-</u>	<u>(4,652)</u>
Proceeds from borrowings - related parties	414,021	558,672
Net cash used by financing activities	<u>414,021</u>	<u>558,672</u>
Net increase/(decrease) in cash and cash equivalents held	(1,214)	(7,132)
Cash and cash equivalents at beginning of year	7,333	14,465
Cash and cash equivalents at end of financial year	<u>6,119</u>	<u>7,333</u>
	4	

The accompanying notes form part of these financial statements.

**XPED HOLDINGS LTD**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2014**

The financial report covers Xped Holdings Ltd and its controlled entity - Xped Corporation Pty Ltd ('the Group'). The Xped Group of entities is a for-profit Group, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 26 November 2015..

**1 Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial statements and associated notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

When required by the Australian Accounting Standards, comparative figures have been adjusted to conform to the changes in the presentation for the current financial year.

**2 Summary of Significant Accounting Policies**

**(a) Income Tax**

The tax expense recognised in the profit and loss statement comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

**(b) Revenue and other income**

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

**XPED HOLDINGS LTD**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2014**

**2 Summary of Significant Accounting Policies continued**

**Grant revenue**

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

**R & D tax refund**

R & D tax refund is recognised under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* as the Group receives a 45 per cent refundable tax offset.

**(c) Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**(d) Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment of losses.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

**Plant and equipment**

Plant and equipment are measured using the cost model.

**Depreciation**

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

**XPED HOLDINGS LTD**  
**Notes to the Financial Statements**  
For the Year Ended 30 June 2014

**2 Summary of Significant Accounting Policies continued**

**(d) Property, Plant and Equipment continued**

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Plant and Equipment	20 - 33 %
Office Equipment	33 - 50 %

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

**(e) Financial instruments**

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

*Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Group uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

**(f) Intangible Assets**

*Development*

Product development costs are expensed as incurred. The costs are capitalised when feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project which is 5 years. This is expected to commence in 2016.

**(g) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

**(h) Going concern**

The Directors are of the view that Xped Holdings Ltd will be able to meet their obligations as and when the fall due once completion under the Heads of Agreement has occurred. As per note 16, Raya Group Limited is required under the Heads of Agreement to make certain payments to discharge debts of Xped Holdings Ltd.

**XPED HOLDINGS LTD**  
**Notes to the Financial Statements**  
For the Year Ended 30 June 2014

**2 Summary of Significant Accounting Policies continued**

**(i) Prior Period Error**

In 2014 the directors identified that Development costs were incorrectly recorded as expenses, this should be recorded as an Intangible Asset due to its future economic benefit. This has resulted in a prior period accounting error and the treatment has been applied retrospectively to the comparative figures, the effect of this is error is retained earnings has decreased by \$4,394,385 and the Intangible Asset has increased by \$4,394,385.

**3 Remuneration of Auditors**

**(a) Auditor's Remuneration**

	2014	2013
	\$	\$
Remuneration of the auditor of the parent entity for:		
- Fee for audit	6,300	6,300
- Accounts preparation	2,000	2,000
	<u>8,300</u>	<u>8,300</u>

**4 Cash and cash equivalents**

	2014	2013
	\$	\$
Cash at bank and in hand	3,307	11,596
Other cash and cash equivalents	2,812	(4,263)
	<u>6,119</u>	<u>7,333</u>

**5 Trade and other receivables**

	2014	2013
	\$	\$
CURRENT		
R & D tax refund	301,156	335,003
GST receivable	4,696	21,644
<b>Total trade and other receivables</b>	<u>305,852</u>	<u>356,647</u>

**XPED HOLDINGS LTD**  
**Notes to the Financial Statements**  
For the Year Ended 30 June 2014

**6 Property, plant and equipment**

**PLANT AND EQUIPMENT**

Plant and equipment

At cost

60,578

60,578

Accumulated depreciation

(51,767)

(31,863)

Total plant and equipment

8,811

28,715

Office equipment

At cost

8,356

8,356

Accumulated depreciation

(6,086)

(4,531)

Total office equipment

2,270

3,825

**Total property, plant and equipment**

11,081

32,540

**(a) Movements in carrying amounts of property, plant and equipment**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment \$	Office Equipment \$	Total \$
<b>Year ended 30 June 2014</b>			
Balance at the beginning of year	28,715	3,825	32,540
Depreciation expense	(19,904)	(1,555)	(21,459)
<b>Balance at the end of the year</b>	<b>8,811</b>	<b>2,270</b>	<b>11,081</b>

	Plant and Equipment \$	Office Equipment \$	Total \$
<b>Year ended 30 June 2013</b>			
Balance at the beginning of the year	48,619	5,380	53,999
Depreciation expense	(19,904)	(1,555)	(21,459)
<b>Balance at the end of the year</b>	<b>28,715</b>	<b>3,825</b>	<b>32,540</b>

**7 Intangible Assets**

Development costs

Cost

4,392,985

4,392,985

Formation costs

1,400

1,400

**Total Intangibles**

4,394,385

4,394,385

**XPED HOLDINGS LTD**  
**Notes to the Financial Statements**  
For the Year Ended 30 June 2014

**8 Trade and other payables**

	2014	2013
	\$	\$
CURRENT		
Trade payables	166,338	102,279
Accrued charges	8,820	8,821
Loans to shareholders	1,613	1,377
Other payables	10,463	20,193
	<u>187,234</u>	<u>132,670</u>
	<u>187,234</u>	<u>132,670</u>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

**9 Other Financial Liabilities**

	2014	2013
	\$	\$
NON-CURRENT		
Loan - ElectroCad Aust Pty Ltd	412,557	-
Loan - Alanticx Technologies Pty Ltd	795,693	797,551
Loan - JKR Corporation Pty Ltd	4,558,321	4,554,999
<b>Total</b>	<u>5,766,571</u>	<u>5,352,550</u>

**10 Issued Capital**

	2014	2013
	\$	\$
(2013: 1,320) Ordinary Type A shares	1,320	1,320
<b>Total</b>	<u>1,320</u>	<u>1,320</u>

**11 Tax assets and liabilities**

**Unrecognised deferred tax assets**

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

	2014	2013
	\$	\$
Tax losses	573,978	400,271

Deferred tax assets have not been recognised in respect of these items because it is uncertain that future taxable profit will be available against which the Group can utilise the benefits therein.

**XPED HOLDINGS LTD**  
**Notes to the Financial Statements**  
For the Year Ended 30 June 2014

**12 Key Management Personnel Disclosures**

Key management personnel remuneration included within employee expenses for the year is shown below:

	2014	2013
	\$	\$
John Schultz	22,100	-
Michael Parington	89,548	-
	<u>111,648</u>	<u>-</u>

**Other key management personnel transactions**

For details of other transactions with key management personnel, refer to Note 14: Related Party Transactions.

**13 Contingencies**

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2014 (2013:None).

**14 Related Parties**

**(a) The Group's main related parties are as follows:**

*(i) Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 12: Interests of Key Management Personnel (KMP).

Other transactions with KMP and their related entities are shown below.

**(b) Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**(c) Loans to/from related parties**

Unsecured loans are made to the ultimate parent entity, subsidiaries, directors, key management personnel and other related parties on an arm's length basis.

	Opening balance	Closing balance
<b>Loans from KMP and related parties</b>		
2014	(6,352,550)	(5,766,571)
2013	(4,793,878)	(5,352,550)

**XPED HOLDINGS LTD**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2014**

**15 Cash Flow Information**

**(a) Reconciliation of result for the year to cashflows from operating activities**

Reconciliation of net income to net cash provided by operating activities:

	2014	2013
	\$	\$
Profit for the year	(542,053)	(579,110)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	21,459	21,730
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	50,795	(48,186)
- increase/(decrease) in trade and other payables	54,564	44,414
Cashflow from operations	<u>(415,235)</u>	<u>(561,152)</u>

**16 Events Occurring After the Reporting Date**

On the 21st October 2015, Raya Group Limited (ASX:RYG) entered into a Heads of Agreement (HOA) with Xped Holdings Ltd and others, to acquire 100% of the issued capital. The results of this will be additional cash flow to Xped Holdings Ltd. Due to the sensitivity of this agreement, further details have been withheld.

**17 Company Details**

The registered office of and principal place of business of the company is:

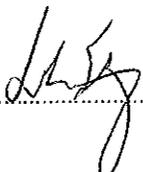
XPED HOLDINGS LTD  
 Suite 2  
 2 Portrush Road  
 PAYNEHAM SA 5070

**XPED HOLDINGS LTD**  
**Directors' Declaration**

The directors of the Group declare that:

1. the financial statements and notes for the year ended 30 June 2014 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position and performance of the consolidated group;
2. In the directors opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

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

Director .....  .....  
John Schultz

Director .....  .....  
Chris Wood

Dated this 25<sup>th</sup> day of NOVEMBER, 2015

# Independent Audit Report to the members of CONSOLIDATED

## Report on the Financial Report

We have audited the accompanying financial report of , which comprises the statement of financial position as at 30 June 2014, the profit and loss statement, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group and the consolidated entity comprising the Group and the entities it controlled at the year's end or from time to time during the financial year.

### *Directors' Responsibility for the Financial Report*

The directors of the Group 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 Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of , would be in the same terms if given to the directors as at the time of this auditor's report.



**Bentleys (SA) Partnership**

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
XPED HOLDINGS LTD**

We have audited the accompanying financial report of Xped Holdings Ltd and controlled entities, which comprises the statement of financial position as at 30 June 2014, the profit or loss statement, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and management's assertion statement.

**Management's Responsibility for the Financial Report**

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001, and for such internal control as management determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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



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- Accountants
- Auditors
- Advisors

## **Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

## **Basis for Qualified Opinion**

We were unable to satisfy ourselves by appropriate means concerning opening balances disclosed in the statements of financial performance and cash flows and the statement of financial position, as comparative figures. Whilst we were satisfied with the material accuracy of amounts recorded in the statement of financial position at 30 June 2014, the impact of opening balances on the current period financial performance and cash flows prevents us from forming an opinion on the financial report taken as a whole.

We were unable obtain sufficient and appropriate audit evidence regarding expenses comprising the \$4.4m intangible asset disclosed in the statement of financial position. On that basis, we are not able to form an opinion the asset.

## **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Xped Holdings and controlled entities is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

## **Uncertainty over Going Concern**

Without further qualification to the opinion above, we draw your attention to the following matter. Note 1 (h) to the financial statements which describes the reliance on the execution of the heads of agreement with Raya Group Limited. If the group is not able to execute the heads of agreement, there is inherent uncertainty over whether the group will be able to meet its commitments as and when they fall due.

Bentleys (SA) Partnership



DAVID PAPA  
PARTNER

Dated at Adelaide this 26<sup>th</sup> day of November 2015