Xped Limited

ABN 89 122 203 196

ASX:XPE

Annual Financial Report
for the financial year ended
30 June 2019

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Corporate directory

Directors	Mr Peter Hunt (Director and chairman) Mr Christopher Wood (Executive director) Mr John Schultz (Managing director)
Company secretaries (joint)	Ms Julie Edwards Mr John Santich
Principal registered office in Australia	Level 6, 412 Collins Street Melbourne, Victoria. 3000
Share registry	Automic Registry Services Level 5, 126 Phillip Street Sydney NSW 2000 Phone: 1300 288 664 Overseas callers: 61 2 9698 5414
Auditor	Pitcher Partners Chartered Accountants Central Plaza One 345 Queen Street Brisbane 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 2019.

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 Peter Hunt	Chairman and non-executive director
Mr John Schultz	Executive director
Mr Christopher Wood	Executive director

Company secretaries (joint)
Ms Julie Edwards
Mr John Santich

Principal activities
Xped is focused on the commercialisation of ADRC and the growing of revenue through multiple streams based on its core technology strengths - ADRC, Xped App, Gateway Solutions, Cloud Infrastructure, its range of Devices and interoperability. Xped's revenue streams will be built on Smart Home & Consumer Solutions, Professional Healthcare Technology Solutions, and Smart Building Solutions.

JCT provides the Company with a channel in which to sell Professional Healthcare Technology equipment and solutions. JCT's expansion into delivering assisted independent living technologies has great synergies with Xped's core IoT platform and Smart Home and Smart Building solutions.

There were no significant changes in the nature of the Group's activities during the year. There were no significant change 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
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. The Certificate of Findings assessed that certain activities of Xped were ineligible for the R&D tax incentive for the 2017/18 income year. Certain tax deductions were deemed to be not allowable and the full amount of the tax offset of $1,634,607 is repayable by the Company. Xped intend to appeal the decision and are confident that the matter will be resolved in the company's favour.

In the event that the appeal is unsuccessful the R&D payable would fall due for repayment to the Australian Taxation Office ("ATO") in accordance with the following debt repayment plan agreed with the ATO:

- By 30 September 2022 (year 3), payment of 50% of the net profit after tax for the financial year ending 30 June 2022, or $250K (whichever is greater).
- By 30 September 2023 (year 4), payment of 50% of the net profit after tax for the financial year ending 30 June 2023, or $400K (whichever is greater).
- By 30 September 2024 (year 5), payment of 50% of the net profit after tax for the financial year ending 30 June 2024, or $500K (whichever is greater).
- By 30 September 2025 (year 6), payment of the balance of any principal and interest accrued.

Review of operations
The consolidated entity realised a loss after tax for the full-year of $3,716,409 (2018: $9,058,493). The following provides a summary of the Group's activities and achievements during the course of the financial year:
- JCT Bed Mats released that integrates with Nurse Call systems and dementia care solution.
- JCT completed the integration of a wearable duress pendant with the JCT NuCaMS staff app allowing field workers to easily indicate a duress condition.
- Xped formally released version 1.2 firmware release for the DiscoverBus products which was a major technical milestone to allow production product to be delivered to market.

The Group intends to shut down the R&D operations of Xped Corporation Pty Ltd with only the JCT Healthcare operations expected to continue.

Information on directors

The names and details of Xped Limited's directors are set out below. All directors were in office for the entire financial year and remain in office at the date of this report.

Peter Hunt (Chairman and non-executive director)

Experience and expertise

Peter Hunt is a Chartered Accountant and was a former partner of PKF Adelaide, Chartered Accountants, which merged with BDO Adelaide in 2012. He has broad experience as an independent director and chairman of ASX listed and private companies.

In addition to his experience as a Board member of other ASX listed entities, Mr Hunt has direct and broad experience within the aged health care industry, which is one of Xped's key sectors. He is an investor/owner in the aged care industry and is well connected with investors in the sector.

Other current directorships

Nil

Former directorships in last 3 years

Intermin Resources Limited (resigned 14 June 2019)
Metaliko Resources Limited (resigned 12 January 2017)

Special responsibilities

Chairman of the Board of Directors
Chairman of the Audit Committee

Interests in shares and options

Nil

John Shultz (Executive director)

Experience and expertise

John 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. John 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. John's involvement in the Group encompasses system specification, design, product design and manufacture, resource management and developing initial commercialisation opportunities.

John has a Bachelor of Engineering in Electronics Engineering

Other current directorships

Nil

Former directorships in last 3 years

Nil

Special responsibilities

Member of the Audit Committee

Interests in shares and options

147,481,654 ordinary shares (XPE)

Christopher Wood (Executive director)

Experience and expertise

Christopher Wood has extensive experience in large telecommunication companies, being responsible for the development of mission critical software applications. Chris has architected projects worth up to $200M, being supported by a pool of more than 200 IT staff. Chris is a domain expert in the areas of GPS, inertial sensors and communications. Chris also possesses substantial technology development commercialisation experience. In 2003 Chris founded Neve Technologies Pty Ltd, a company which developed and commercialised an augmented GPS system for positioning vehicles in areas where GPS signals are severely degraded. In the commercialisation process Chris established a joint venture with the University of South Australia. Neve secured COMET funding, raised capital and successfully commercialised its technology internationally.

Chris has a Bachelor of Electrical and Computer Systems Engineering with Honours.

Other current directorships
Nil

Former directorships in last 3 years
Nil

Special responsibilities
Member of the Audit Committee

Interests in shares and options
112,825,200 ordinary shares (XPE)

Company secretaries

Julie Edwards

Julie has had significant experience and involvement in the management of accounting and finance functions of companies. Julie holds a Bachelor's Degree in Commerce, is a member of CPA Australia, holds a CPA Public Practice Certificate and is a registered Tax Agent.

John Santich

John Santich is an experienced company director and corporate lawyer, highly qualified in engineering (PhD) and admitted to practice law in South Australia. He has been a director and promotor of several ASX listed exploration and technology companies. He specialises in company start-ups, from concept and initiation through seed funding and capital raising for stock exchange listing to control and supervision of company activities.

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:

	Full meetings of directors		Audit Committee	
	Held	**Attended**	**Held**	**Attended**
John Schultz	11	11	1	1
Christopher Wood	11	11	1	1
Peter Hunt	11	11	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 company. No options were issued during the period and 127,254,564 listed options expired 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 company's prior Annual General Meeting ('AGM')

At the Group's 2018 Annual General Meeting, the Group received no votes against its remuneration report representing greater than 25% of the votes cast by persons entitled to vote. Consequently, the Group received a "First Strike" against its 2018 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 First 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 company reduced Directors remuneration by greater than 40% from $1,086,315 in the 2018 financial year to $609,992 in the 2019 financial year. Director's remuneration has been further reduced from 1st July 2019 and further reduced from the 1st October.

The Board remains confident that its remuneration policy and the level and structure of its executive remuneration is suitable for the company 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.

Each director receives a fee for being a director of the company. Directors who are called upon to perform extra services beyond the director's ordinary duties may be paid additional fees for those services.

The remuneration of non-executive directors for the year ended 30 June 2019 is detailed in this remuneration report.

(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.

Remuneration report (continued)

(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

Long term incentives have been granted to senior executives in the form of performance bonuses. At the commencement of each financial year, the Group and each senior executive will agree upon a set of financial and non-financial objectives related to the senior executive's job responsibilities. The objectives will vary but all will be targeted directly to the Group's business and financial performance and thus to shareholder value. Short term incentives will be in the form of bonuses paid on the achievement of key performance indicators as the Group and the executives may agree from time to time.

(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 2019 are summarised below:

	2019	2018	2017	2016	2015
Loss attributable to owners of the company	(3,716,409)	(9,062,425)	(11,853,736)	(3,086,822)	(505,088)

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

	2019	2018	2017	2016	2015
Share's price (dollars)	0.001	0.003	0.017	0.100	0.004
Dividends declared	Nil	Nil	Nil	Nil	Nil
Basic and diluted EPS (cents)	(0.24)	(0.62)	(1.10)	(0.57)	(1.02)

(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 Peter Hunt	Chairman and non-executive director
Mr John Schultz	Executive director
Mr Christopher Wood	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.

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								
Peter Hunt	109,992	-	-	-	-	-	109,992	-
Total non-executive directors	**109,992**	**-**	-	**-**	**-**	**-**	**109,992**	-
Executive directors								
Christopher Wood	250,000	-	-	-	-	-	250,000	-
John Schultz	250,000	-	-	-	-	-	250,000	-
Total executive directors	**500,000**	**-**	**-**	**-**	**-**	**-**	**500,000**	**-**
Total KMP compensation	**609,992**	-	**-**	**-**	**-**	**-**	**609,992**	**-**

2018	**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								
Peter Hunt1	91,659	-	-	-	-	-	91,659	-
Wenjun Sheng2	51,363	-	-	-	-	-	51,363	-
Total non-executive directors	**143,022**	**-**	-	**-**	**-**	**-**	**143,020**	-
Executive directors								
Christopher Wood	281,489	-	-	-	-	-	281,489	-
John Schultz3	126,500	-	-	-	-	-	126,500	-
Martin Despain4	222,434	-	-	-	-	-	222,434	-
Athan Lekkas5	312,870	-	-	-	-	-	312,870	-
Total executive directors	**943,293**	**-**	**-**	**-**	**-**	**-**	**943,293**	**-**
Total KMP compensation	**1,086,315**	-	**-**	**-**	**-**	**-**	**1,086,315**	**-**

1 Peter Hunt was appointed on 4 September 2017.

2 Wenjun Shen resigned on 22 September 2017.

3 John Schultz resigned on 22 September 2017 and was reappointed on 30 March 2018.

4 Martin Despain resigned on 30 November 2017.

5 Athan Lekkas resigned on 30 March 2018.

Remuneration report (continued)

(e) 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. 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.

Peter Hunt (Chairman and non-executive director)

Peter Hunt was appointed chairman and director on 4 September 2017. He receives director's fees of $110,000 (exclusive of GST per annum which he invoices the company for monthly).

John Schultz (Executive director)

The Group entered into a consultancy agreement with JK Group and Mr Schultz which commenced on 23 March 2016, for $220,000 per annum plus board fees of $36,000 per annum. The agreement was for an initial term of 2 years. Mr Schultz's remuneration package was reduced to a total of $250,000 per annum from 4 September 2017 and on 24 March 2018 his contract was varied so as to be terminated with one months' notice from either party. John Schultz resigned as director on 22 September 2017 and was reinstated as Director on 30 March 2018 for remuneration of $250,000 per annum.

Christopher Wood (Executive director)

The Group entered into a consultancy agreement with Alanticx Pty Ltd and Mr Wood which commenced on 23 March 2016. On 29 June 2016 Mr Wood's consultancy agreement was varied, appointing him as Chief Technical Officer with a remuneration package of US$272,000 including board fees. Mr Wood's remuneration was subsequently reduced to a total of A$250,000 per annum from 4 September 2017 and his agreement varied on 24 March 2018 so as to terminate with one months' notice by either party.

(f) 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.

For each grant of options, the percentage of the grant that vested in the financial year, and the percentage that was forfeited because the person did not meet the service performance criteria is set out below. The options generally vest after 2 years. No options will vest if the service conditions are not satisfied, hence the minimum value of the options yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

No additional options were granted during the financial year, and all existing options expired during the year.

(g) Equity instruments disclosures relating to key management personnel

(i) Unlisted option holdings

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

Remuneration report (continued)

(ii) Ordinary share holdings

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

2019	Balance at start of the year	Acquired during the year	Balance at the end of the year
P Hunt	-	-	-
C Wood	112,825,200	-	112,825,200
J Schultz	140,818,321	6,663,333	147,481,654

2018	Balance at start of the year	Acquired during the year	Balance at the end of the year
P Hunt	-	-	-
C Wood	112,825,200	-	112,825,200
J Schultz	140,818,321	-	140,818,321

(iii) Listed option holdings (ASX: XPEOC)

No listed options over ordinary shares in the company were held during the 2019 year by directors of the Group and other key management personnel of the Group, including their personally related parties. The following listed options were held by the Directors in the 2018 financial year:

2018	Balance at start of the year	Acquired during the year	Expired during the year	Balance at the end of the year
P Hunt	-	-	-	-
C Wood	6,000,000	-	(6,000,000)	-
J Schultz	-	-	-	-

(h) Loans to key management personnel

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

(i) Other transactions with key management personnel

Electro Cad Australia Pty Ltd, an entity controlled by John Schultz, provided supplies and services to Xped Limited totalling $74,251 (2018: $65,800) that has been expensed during the year in relation to these services. $15,712 was payable at 30 June 2019 (2018: $6,681).

No other transactions with key management personnel have been entered into during the year.

(j) 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 2019. 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 $39,665 (2018: $82,650) 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:

	2019 $	2018 $
Audit and other assurance services		
Audit and review of financial reports	70,000	75,000
Other assurance services	-	4,500
Financial due diligence	-	10,000
Non-audit services		
Tax and other services	49,884	76,494
Total remuneration	**119,884**	**165,994**

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* or the *Corporations Act 2001.*

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 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.

Peter Hunt
Chairman
Date: 26 September 2019

PITCHER PARTNERS

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 2019, 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*.

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

PITCHER PARTNERS

DANIEL COLWELL
Partner

Brisbane, Queensland
26 September 2019

Corporate governance statement

Xped Limited has published its corporate governance statement on its website. It can be found at https://xped.com/app/uploads/2019/07/CorporateGovernanceStatement2019.pdf

Annual financial report

These financial statements cover the consolidated entity 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:

11/2 Portrush Road
Payneham, South Australian 5070

The registered office is:

Level 6, 412 Collins Street
Melbourne, Victoria 3000

A description of the nature of the consolidated entity'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 26 September 2019. 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 company. All press releases, financial reports and other information are available at our Shareholders' Centre on our website: www.xped.com.

	Notes	2019 $	2018 $ (restated)[1]
Revenue and other income from continuing operations	5	2,237,347	3,433,002
Materials		(739,668)	(916,463)
Employee and contracting expenses	6	(2,484,155)	(2,900,199)
Finance costs		(4,556)	(720,921)
Directors fees		(609,992)	(1,086,315)
Consulting and advisory fees		(14,538)	(560,907)
Occupancy costs	6	(174,539)	(198,319)
Travel		(51,651)	(164,760)
Marketing and promotion costs		(110,960)	(101,743)
Professional and legal fees		(256,057)	(566,162)
Patents and trademarks fees		(136,215)	(183,103)
Depreciation and amortisation expense	13	(30,905)	(353,896)
Impairment of other receivables	10	(900,000)	(750,000)
Impairment of development costs	14	-	(2,741,984)
Impairment of financial assets at amortised cost		-	(253,678)
Impairment of intangible assets	14	(58,526)	-
Foreign currency gain (loss)		(1,256)	3,201
Rehabilitation expense (benefit)		69,204	(395,983)
Loss on sale of assets		(4,158)	(1,136)
Other expenses		(379,725)	(503,569)
Loss before income tax		**(3,650,350)**	**(8,962,935)**
Income tax benefit	7	-	12,768
Loss from continuing operations		**(3,650,350)**	**(8,950,167)**
Loss from discontinued operations, net of income tax	20	(66,059)	(112,258)
Total loss for the year		**(3,716,409)**	**(9,062,425)**
Other comprehensive income		-	-
Total comprehensive income		**(3,716,409)**	**(9,062,425)**
Total loss and comprehensive income for the period attributable to:			
Owners of the parent		(3,716,409)	(9,058,493)
Non-controlling interests		-	(3,932)
		(3,716,409)	**(9,062,425)**
Total loss and comprehensive income for the period attributable to:			
Continuing operations		(3,650,350)	(8,950,167)
Discontinued operations	20	(66,059)	(112,258)
		(3,716,409)	**(9,062,425)**

Earnings per share for loss from continuing operation attributable to the shareholders of the company			
		Cents	**Cents**
Basic and diluted loss per share	24	(0.24)	(0.61)
Earnings per share for loss attributable to the shareholders of the company			
		Cents	**Cents**
Basic and diluted loss per share	24	(0.25)	(0.62)

1. The 2018 comparative has been restated for discontinued operations. Refer to note 20 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	2019 $	2018 $
Current assets			
Cash and cash equivalents	8	1,405,831	2,372,208
Other financial assets	9	120,000	900,668
Trade and other receivables	10	115,836	403,879
Other current assets	11	124,489	183,786
Inventory	12	375,782	524,739
Total current assets		**2,141,938**	**4,385,280**
Non-current assets			
Other receivables	10	-	900,000
Plant and equipment	13	65,295	96,728
Intangible assets	14	-	58,527
Total non-current assets		**65,295**	**1,055,255**
TOTAL ASSETS		**2,207,233**	**5,440,535**
Current liabilities			
Trade and other payables	15	382,874	536,262
Borrowings	16	-	109,419
Provisions	17	252,783	850,421
Contract liabilities		-	333,742
Total current liabilities		**635,657**	**1,829,844**
Non-current liabilities			
Trade and other payable	15	1,634,607	-
Borrowings	16	224,880	226,456
Provisions	17	63,747	19,484
Total non-current liabilities		**1,923,234**	**245,940**
TOTAL LIABILITIES		**2,558,891**	**2,075,784**
NET ASSETS/(LIABILITIES)		**(351,658)**	**3,364,751**
EQUITY			
Contributed equity	18	26,891,949	26,891,949
Reserves	19	-	663,000
Accumulated losses	19	(27,243,607)	(24,214,472)
Owners of the parent		(351,658)	3,340,477
Non-controlling interests		-	24,274
TOTAL EQUITY		**(351,658)**	**3,364,751**

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	-	-	(3,716,409)	-	(3,716,409)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	(3,716,409)	-	(3,716,409)
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**	**-**	**(27,243,607)**	**-**	**(351,658)**
2018					
Balance at 1 July 2017	22,071,943	663,000	(15,155,979)	46,456	7,625,420
Adjustment to opening balance	-	-	-	8,750	8,750
Loss for the year	-	-	(9,058,493)	(3,932)	(9,062,425)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	(9,058,493)	(3,932)	(9,062,425)
Transactions with owners in their capacity as owners:					
Dividends paid to non-controlling interests	-	-	-	(27,000)	(27,000)
Ordinary shares issued by private placement	3,000,000	-	-	-	3,000,000
Ordinary shares issued on conversion of convertible security	750,300	-	-	-	750,300
Bonus options issued on pro-rata offer	568,678	-	-	-	568,678
Ordinary shares issued during the year through exercise of listed options	700	-	-	-	700
Fair value of ordinary shares issued as subsequent consideration for JCT purchase	500,000	-	-	-	500,000
Fair value of ord. shares issued for investment in Market Place Services Pty Ltd	250,000	-	-	-	250,000
Cost of share issue	(249,672)	-	-	-	(249,672)
Balance at 30 June 2018	**26,891,949**	**663,000**	**(24,214,472)**	**24,274**	**3,364,751**

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

	Notes	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,132,763	1,490,807
Interest received		12,154	40,482
Interest paid		(4,727)	(20,839)
Government grants and R&D incentives received		1,681,909	2,460,985
Payments to suppliers and employees (inclusive of GST)		(5,454,175)	(8,950,618)
Income tax refund		-	183,448
Net cash outflow from operating activities	23	**(1,632,076)**	**(4,795,735)**
Cash flows from investing activities			
Payments for plant and equipment		(3,974)	(54,577)
Proceeds from sale of plant and equipment		-	727
Proceeds/(payments) from investment in term deposits		780,668	(10,668)
Payment for acquisition of subsidiaries net cash acquired	23	-	(500,000)
Payment for convertible notes		-	(350,000)
Net cash inflow/(outflow) from investing activities		**776,694**	**(914,518)**
Cash flows from financing activities			
Repayment of finance lease and loans		(110,995)	(271,471)
Repayment of insurance funding loan		-	(91,307)
Dividend paid to NCI		-	(27,000)
Repayment of convertible notes		-	(1,081,664)
Issue of shares		-	3,000,700
Issue of bonus options		-	568,677
Share issue costs		-	(249,673)
Net cash inflow / (outflow) from financing activities		**(110,995)**	**1,848,262**
Net decrease in cash and cash equivalents		(966,377)	(3,861,991)
Cash and cash equivalents at the beginning of the year		2,372,208	6,234,199
Cash and cash equivalents at the end of the year	9	**1,405,831**	**2,372,208**
Cash flows of discontinued operations	20		

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

Note to the financial statements

1. Summary of significant accounting policies

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

Xped Limited is a publicly listed company limited by shares, incorporated and domiciled in Australia and listed on the Australian Securities Exchange (ASX: XPE). Its registered office is:

Level 6, 412 Collins Street, Melbourne, Victoria 3000.

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. Xped Limited is a for-profit entity for the purpose of preparing financial statements.

Compliance with IFRS

This financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Rounding of amounts

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

Critical accounting estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

New and amended standards adopted by the Group

The Group adopted the following new or revised accounting standards from 1 July 2018:

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*

AASB 9 *Financial Instruments*

AASB 9 replaced AASB 139 *Financial Instruments: Recognition and Measurement*. The key change that affects the group on initial application of AASB 9 and associated amending Standards relates to the new requirement to recognise impairment of financial assets carried at amortised cost based on an expected loss approach. The new impairment model uses a forward looking (expected loss) model whereby credit losses will be recognised when expected rather than when losses are incurred.

AASB 9 was adopted from 1 July 2018 and has resulted in all held-to-maturity investments (e.g. term deposits) and loans and receivables (e.g. trade and other receivables) being reclassified to financial assets at amortised cost. All financial liabilities have been classified as financial liabilities at amortised cost. No assets or liabilities were carried at fair value. The adoption of AASB 9 had no material impact on the group's financial statements.

AASB 15 *Revenue from Contracts with Customers*

This new standard introduced a five-step approach to revenue is recognition. The Group adopted AASB on 1 July 2018 by adjusting retained earnings at 1 July 2018 by the cumulative effect of initially applying the standard; the effect was not material. The group's accounting policies for its various types of revenue are set out in detail below. AASB 15 uses the terms "contract asset" and "contract liability" to describe what the Group have previously classified as "unearned income". Aside from providing more extensive disclosure of the group's contract assets and liabilities, the application of AASB 15 has not had a significant impact on the financial position or financial performance of the group.

1. Summary of significant accounting policies (continued)

The impact on assets and liabilities as at 1 July 2018 is set out below.

	As previously reported $	AASB 15 adjustments $	As restated $
Unearned income	333,742	(333,742)	-
Contract liabilities – current	-	333,742	333,742

AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
This standard amends AASB 2 Share-based Payment and clarifies how to account for certain types of share-based payment transactions. The amendments clarify the following:

- In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
- Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employees tax liability which is then remitted to the tax authority (i.e. a net settlement feature), the arrangement should be classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled should be accounted for by (1) derecognising the original liability; (2) recognising the equity-settled share-based payment at the modification date fair value of the equity instrument granted to the extent services have been rendered up to the modification date; and (3) recognising any difference between the carrying amount of the liability at the modification date and the amount recognised in equity immediately in profit or loss.

Adoption of this amendment had no impact on the Group's financial statements for FY19.

(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 2019 the Group has $1,405,831 (2018: $2,372,208) in cash and cash equivalents and a net liabilities of $351,658 (2018: $3,364,751 net assets). During the year ended 30 June 2019 the Group incurred a loss after tax of $3,716,409 (2018: $9,058,493 loss) and a net cash outflow from operating activities, excluding government grants and refundable R&D tax incentives, of $3,313,985 (2018: $7,256,720 outflow).

The continuing cash outflows from operating activities have significantly reduced the Group's cash and net working capital position. This limits the Group's ability to further invest in the commercialisation of its IoT solutions which prevents the development of near term revenue streams in order to sustain the current level of operating cash outflow.

The loss incurred during the 2019 year was principally a result of limited commercial revenue, the 2018 R&D incentive received of $1,634,607 not being recognised as income during the year due to the possibility of it being repaid to the Australian Taxation Office, and the impairment of other receivables of $900,000.

The Directors have concluded that these events and conditions result in a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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 related to R&D expenditure associated with the IoT products.
- Appealing the recent denial of the 2017/2018 R&D tax claim with the objective to remove the current tax liability and furthermore allowing the application for an R&D tax refund associated with the 2018/2019 tax return.
- Closely monitoring the Group's actual verse budgeted cash burn.

1. Summary of significant accounting policies (continued)

- Providing close management and assistance to support a ROI outcome for the JCT healthcare business, through sales growth or company sale.
- Continuing to monitor the development of near term revenue opportunities generated through the Group's IoT solutions.
- Exploring M&A and/or capital raising opportunities with external parties.
- Reducing director fees.
- Ensuring the group does not enter into long term contractual commitments with suppliers.

These measures will reduce the Groups costs and/or increase capital and income going forward for the next 12 months. The Directors believe the company will be successful in carrying out its plans described above, therefore, these financial statements have been prepared on a going concern basis.

(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 2019 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 entity'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 28.

1. Summary of significant accounting policies (continued)

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.

Joint ventures

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated balance sheet.

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) 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) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

The Group is not a party to any finance lease arrangements.

(g) 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.

1. Summary of significant accounting policies (continued)

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.

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.

(h) 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.

1. Summary of significant accounting policies (continued)

(i) 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.

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.

1. Summary of significant accounting policies (continued)

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.

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.

(j) 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.

(k) 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.

1. Summary of significant accounting policies (continued)

(l) 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.

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.

(m)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.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

1. Summary of significant accounting policies (continued)

(r) 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.

(s) 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.

(t) Discontinued operations

A discontinued operation is a component of the company 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.

(u) New accounting standards and interpretations

Relevant accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the year are as follows:

AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019)
AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. AASB 16 replaces existing leases guidance including AASB 117 *Leases*, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases-Incentives and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019.

Transition
As a lessee, the Group can either apply the standard using a:
- Modified retrospective approach with optional practical expedients; or
- Retrospective approach.

The lessee applies the election consistently to all of its leases. The Group currently plans to apply AASB 16 initially for the year ended 30 June 2020 using the modified retrospective approach.

Initial application
Upon implementation on 1 July 2019, based on the leases in effect at 30 June 2019, this standard will have a material impact on the lease assets and financial liabilities recorded in the statement of financial position, which the Group expects to increase by approximately $282,127 and $305,308, respectively. Retained earnings will reduce by approximately $23,181 because the carrying value of the assets reduce more quickly than the carrying amount of the lease liabilities. The Group expects the impact on net profit in FY2020 will be a $2,561 reduction of expenses. The Group has applied practical expedients available under AASB 16 which eliminate leases expiring within one year of the implementation date and leases of low value (less than US$5,000).

Other than as noted above, the adoption of the various Australian Accounting Standards and Interpretations and IFRSs on issue but not yet effective will not impact the Group's accounting policies. However, the pronouncements may result in changes to information currently disclosed in the financial statements. The Group does not intend to adopt any of these pronouncements before their effective dates.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The critical estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Rehabilitation

The Group assesses rehabilitation requirements at each reporting date by evaluating costs for closure, restoration and for environmental clean-up costs. Provision is made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

Recoverability and classification of other receivable from K.S Orka

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

This receivable is carried at amortised cost less accumulated impairment. Management have held discussions with KS Orka in relation to the current status of the project. After taking into consideration the timing and final amount to be paid management estimate the recoverable amount at 30 June 2019 to be $nil (2018: $900,000). Any material change in the status of the project may result in a material change in the receivable to be recovered. This receivable has been classified as non-current at 30 June 2019 due to uncertainty in the timing of final settlement.

Inventory

The Group assesses inventory for obsolescence each reporting date by evaluating whether the carrying value of inventory items exceeds its net realisable value. An allowance for obsolescence for the difference between the carrying value of an inventory items and its expected net realisable value.

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.

3. Financial risk management (continued)

(a) Financial instruments

The Group holds the following financial instruments:

	2019 $	2018 $
Financial assets		
Cash and cash equivalents	1,405,831	2,372,208
Other financial assets	120,000	900,668
Trade and other receivables	115,836	1,303,879
	1,641,667	**4,576,755**
Financial liabilities		
Trade and other payables	2,017,481	536,262
Borrowings	224,880	335,875
	2,242,361	**872,137**

All financial instruments, except for cash and cash equivalents, 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 2019 and 2018 the Group's exposure to foreign currency risk was immaterial.

Price risk

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

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 deposits and short-term borrowings are held in fixed interest rate accounts and are not subject to interest rate risks.

	30 June 2019		30 June 2018	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Cash and cash equivalents	0.15%	1,405,831	0.47%	2,372,208

At balance 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)	
	2019 $	2018 $	2019 $	2018 $
+1.00% (100 basis points) (FY18: +1.00%)	14,058	23,722	14,058	23,722
-1.00% (100 basis points) (FY18: -1.00%)	(14,058)	(23,722)	(14,058)	(23,722)

3. Financial risk management (continued)

(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.

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.

		Within trade terms	**Past due but not impaired**					
	Gross amount	**Current**	**31-60 days**	**61-90 days**	**90-365 days**	**365+ days**	**Credit loss allowance**	**Expected credit loss**
	$	**$**	**$**	**$**	**$**	**$**	**$**	%
2019								
Trade debtors	96,097	55,019	11,430	4,189	25,459	-	-	0%
Interest receivable	271	271	-	-	-	-	-	0%
Other receivable	19,468	19,468	-	-	-	-	-	0%
Note receivable	-	-	-	-	-	-	-	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)**	
2018								
Trade debtors	372,571	334,892	9,499	10,355	17,826	-	-	0%
Interest receivable	2,058	2,058	-	-	-	-	-	0%
Other receivable	29,250	29,250	-	-	-	-	-	0%
Note receivable	350,000	-	-	-	-	350,000	(350,000)	100%
KS Orka receivable	1,300,000	-	-	-	-	1,300,000	(400,000)	31%
	2,053,879	**366,200**	**9,499**	**10,355**	**17,826**	**1,650,000**	**(750,000)**	

3. Financial risk management (continued)

(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.

	Interest rate	Less than 12 months	Between 2 and 5 years	Total contractual cash flows	Carrying amount
	%	$	$	$	$
2019					
Non-interest bearing					
Trade and other payables		382,874	1,634,607	2,017,481	2,017,481
Borrowings		-	224,880	224,880	224,880
Fixed interest rate instruments					
Borrowings	0%	-	-	-	-
		382,874	**1,859,487**	**2,242,361**	**2,242,361**
2018					
Non-interest bearing					
Trade and other payables		536,262	-	536,262	536,262
Borrowings		-	266,456	266,456	266,456
Fixed interest rate instruments					
Borrowings	4%	109,419	-	109,419	109,419
		645,681	**266,456**	**912,137**	**912,137**

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 during the year.

4. Operating segments (continued)

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.

Segment performance

	Technology development	Healthcare technology	Jemsoft & Media Intelligence	Geothermal projects	Corporate	Total
Year ended 30 June 2019:						
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**
Materials	(259,999)	(483,428)	-	3,759	-	**(739,668)**
Employee and contracting expenses	(1,315,639)	(1,168,516)	-	-	-	**(2,484,155)**
Finance costs	-	-	(171)	-	(4,556)	**(4,727)**
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 and amortisation expense	(16,829)	(14,076)	-	-	-	**(30,905)**
Impairment of other receivables	-	-	-	(900,000)		**(900,000)**
Impairment of intangible assets	(58,526)	-	-	-	-	**(58,526)**
Foreign currency gain (loss)	(1,193)	-	531	-	(63)	**(725)**
Rehabilitation benefit (expense)	-	-	-	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)**	**(2,154,500)**	**(66,629)**	**(816,981)**	**(340,940)**	**(5,954,326)**
Loss before income tax for the year	**(2,198,481)**	**(303,668)**	**(66,059)**	**(816,981)**	**(331,220)**	**(3,716,409)**

4. Operating segments (continued)

	Technology development	Healthcare technology	Jemsoft & Media Intelligence	Geothermal projects	Corporate	Total
Year ended 30 June 2018:						
Revenue from contracts with customers	39,733	1,414,053	27,000	-	-	**1,480,786**
Interest income	-	1,100	61	-	36,750	**37,911**
R and D tax concession	2,151,813	-	114,378	-	-	**2,266,191**
Total segment revenue	**2,191,546**	**1,415,153**	**141,439**	**-**	**36,750**	**3,784,888**
Materials	(293,215)	(733,336)	(10,119)	-	-	**(1,036,670)**
Employee and contracting expenses	(1,897,678)	(1,194,916)	(44,181)	-	-	**(3,136,775)**
Finance costs	(415,375)	(245)	(6,885)	-	(305,300)	**(727,805)**
Directors fees	-	-	-	-	(1,086,315)	**(1,086,315)**
Consulting and advisory fees	(532,192)	(87,390)	(9,737)	-	-	**(629,319)**
Occupancy costs	(118,350)	(70,100)	(41,590)	-	(8,578)	**(238,618)**
Travel	(118,445)	(46,428)	-	-	-	**(164,873)**
Marketing and promotion costs	(87,930)	(13,841)	-	-	-	**(101,771)**
Professional and legal fees	(485,246)	(18,350)	17,142	-	(66,316)	**(552,770)**
Patents and trademarks fees	(183,103)	-	-	-	-	**(183,103)**
Depreciation and amortisation expense	(343,835)	(14,975)	-	-	-	**(358,810)**
Impairment of other receivables	-	-	-	(400,000)	(350,000)	**(750,000)**
Impairment of development costs	(2,741,984)	-	-	-	-	**(2,741,984)**
Impairment of financial assets at amortised cost	-	-	-	-	(253,678)	**(253,678)**
Foreign currency gain (loss)	(276)	4,566	(96)	-	82	**4,276**
Rehabilitation benefit (expense)	-	-	-	(395,983)	-	**(395,983)**
Loss on sale of assets	(1,136)	-	-	-	-	**(1,136)**
Other expenses	(125,713)	(67,468)	(347)	-	(311,219)	**(504,747)**
Total segment expenses	**(7,344,478)**	**(2,242,483)**	**(95,813)**	**(795,983)**	**(2,381,323)**	**(12,860,080)**
Profit/(loss) before income tax for the year	**(5,152,932)**	**(827,330)**	**45,626**	**(795,983)**	**(2,344,573)**	**(9,075,193)**

Reconciliation of reportable segment revenues and profit or loss:

	2019	2018
Revenues	**$**	**$**
Total revenue for reportable segments	2,237,917	3,784,888
Elimination of discontinued operations	(570)	(351,886)
Consolidated revenue from continuing operations	2,237,347	3,433,002
Profit or loss		
Total profit or loss for reportable segments	(3,716,409)	(9,075,193)
Elimination of discontinued operations	66,059	112,258
Consolidated profit/(loss) before income tax from continuing operations	(3,650,350)	(8,962,935)

Segment assets and liabilities

	Technology development	Healthcare technology	Jemsoft & Media Intelligence	Geothermal projects	Corporate	Eliminations	Total
As at 30 June 2019:							
Total assets	1,030,085	1,468,097	-	240	20,453,752	(20,744,941)	**2,207,233**
Total liabilities	(17,149,337)	(3,821,343)	-	(2,287,964)	(45,188)	20,744,941	**(2,558,891)**
As at 30 June 2018:							
Total assets	1,133,792	2,146,826	162,675	900,240	21,359,244	(20,262,242)	**5,440,535**
Total liabilities	(14,694,792)	(5,006,407)	(34,364)	(2,370,983)	(231,480)	20,262,242	**(2,075,784)**

	2019 $	2018 $ (restated)
5. Revenue and other income from continuing operations		
Revenue from contracts with customers:		
Revenue recognised at a point in time – sale of goods	690,156	608,184
Revenue recognised over time – projects and services	1,488,576	635,155
Interest income	11,313	37,850
R and D tax concession*	-	2,151,813
Grant revenue	47,302	-
	2,237,347	3,433,002

* 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. The Certificate of Findings assessed that certain activities of Xped were ineligible for the R&D tax incentive for the 2017/18 income year. Certain tax deductions were deemed to be not allowable and the full amount of the tax offset of $1,634,607 is repayable by the Company. Xped intend to appeal the decision and are confident that the matter will be resolved in the company's favour.

Refer to note 15 for further information.

6. Expenses

	2019 $	2018 $
Loss before income tax includes the following specific expenses:		
Rental expenses relating to operating leases – minimum lease rentals	146,890	151,491
Defined contribution superannuation expense	157,292	167,654

7. Income tax

(a) Income tax expense

	2019 $	2018 $
Current tax	-	-
Deferred tax	(1,021,724)	(1,332,752)
Adjustments for deferred tax assets of prior periods	(731,590)	8,235
De-recognition of deferred tax asset	1,753,314	1,311,749
	-	(12,768)

The Group is in the process of calculating its 2018/19 R&D tax incentive claim. Conservatively, the 2018/19 R&D tax incentive entitlement has not been reflected in the tax balances of the Xped group, as the outcome of AusIndustry's review into the group's 2017/18 R&D claim is yet to be finalised.

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 $1,648,156. The 2018 adjustment for deferred tax assets of prior periods was due to an under/over provision of the income tax provision.

(b) Reconciliation of income tax expense to prima facie income tax

	2019 $	2018 $
Loss before income tax	(3,716,409)	(9,075,425)
Tax at the Australian tax rate of 27.5% (2018: 30.0%)	(1,022,012)	(2,722,629)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development	-	1,304,246
Share based payments	-	81,000
Non-deductible expenses	288	4,631
DTA arising from prior year timing differences	(731,590)	8,235
	(1,753,314)	(1,324,517)
Deferred tax asset not recognised	1,753,314	1,311,749
Income tax expense	-	(12,768)

7. Income tax (continued)

(c) Unrecognised deferred tax assets

	2019 $	2018 $ (restated)
Deferred tax assets have not been recognised in respect of the following items:		
Temporary differences at 27.5% (2018: 30.0%)	677,495	1,123,891
Tax losses at 27.5% (2018: 30.0%)	12,074,605	9,874,895
	12,752,100	10,998,786

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

	2019 $	2018 $
Cash on hand	240	240
Cash at bank	1,405,591	2,371,968
	1,405,831	2,372,208

9. Other financial assets

Current

	2019 $	2018 $
Term deposits	120,000	900,668

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

Non-current

	2019 $	2018 $
Financial asset at amortised cost	-	250,000
Impairment of financial asset at amortised cost	-	(250,000)
	-	-

10. Trade and other receivables

Current

	2019 $	2018 $
Trade debtors	96,097	372,571
Interest receivable	271	2,058
Other receivables	19,468	29,250
	115,836	403,879
Non-current		
Notes receivable	-	350,000
Impairment of notes receivables	-	(350,000)
Other receivables – K.S. Orka	1,300,000	1,300,000
Impairment of other receivables	(1,300,000)	(400,000)
	-	900,000

Current other receivables represent GST amounts awaiting reimbursement from Australian Taxation Office.

Non-current other receivables includes a receivable from K.S. Orka of $1,300,000 net of a provision for impairment of $1,300,000. The carrying amount of the receivable from K.S. Okra is $nil (30 June 2018: $900,000). The $900,000 impairment charge was recognised in 2019 profit or loss as ‘impairment of other receivables’.

	2019 $	2018 $
11. Other current assets		
Prepayments	124,489	183,786

	2019 $	2018 $
12. Inventory		
Inventory	727,956	1,158,739
Provision for obsolescence	(352,174)	(634,000)
	375,782	524,739

	2019 $	2018 $
13. Plant and equipment		
Plant and equipment:		
Cost:		
Balance at beginning of year	169,260	132,887
Additions	3,974	36,373
Disposal	(22,908)	-
Balance at end of year	150,326	169,260
Accumulated depreciation:		
Balance at beginning of year	121,691	110,224
Depreciation	11,883	11,467
Disposal	(19,533)	-
Balance at end of year	114,041	121,691
Closing written down value	36,285	47,569
Office equipment:		
Cost:		
Balance at beginning of year	19,341	25,188
Additions	-	1,435
Disposal	-	(7,282)
Balance at end of year	19,341	19,341
Accumulated depreciation:		
Balance at beginning of year	8,167	9,899
Depreciation	1,792	3,772
Disposal	-	(5,504)
Balance at end of year	9,959	8,167
Closing written down value	9,382	11,174
Computer equipment:		
Cost:		
Balance at beginning of year	53,857	39,683
Additions	-	14,174
Balance at end of year	53,857	53,857
Accumulated depreciation:		
Balance at beginning of year	27,774	14,926
Depreciation	14,170	12,848
Balance at end of year	41,944	27,774
Closing written down value	11,913	26,083

	2019	2018
	$	$
13. Plant and equipment (continued)		
Software:		
Cost:		
Balance at beginning of year	584,780	582,185
Additions	-	2,595
Balance at end of year	584,780	584,780
Accumulated depreciation:		
Balance at beginning of year	582,200	297,794
Depreciation	1,633	284,406
Balance at end of year	583,833	582,200
Closing written down value	947	2,580
Motor vehicles:		
Cost:		
Balance at beginning of year	9,091	9,091
Balance at end of year	9,091	9,091
Accumulated depreciation:		
Balance at beginning of year	3,688	1,887
Depreciation	1,350	1,801
Balance at end of year	5,038	3,688
Closing written down value	4,053	5,403
Low value asset pool:		
Cost:		
Balance at beginning of year	117,193	117,193
Disposals	(117,193)	-
Balance at end of year	-	117,193
Accumulated depreciation:		
Balance at beginning of year	117,193	116,436
Depreciation	-	757
Disposals	(117,193)	-
Balance at end of year	-	117,193
Closing written down value	-	-
Leasehold improvements:		
Cost:		
Balance at beginning of year	8,204	8,204
Disposals	(5,113)	-
Balance at end of year	3,091	8,204
Accumulated depreciation:		
Balance at beginning of year	4,285	4,081
Depreciation	77	204
Disposals	(3,986)	-
Balance at end of year	376	4,285
Closing written down value	2,715	3,919
Closing written down value:		
At beginning of the year	96,728	359,152
At end of the year	65,295	96,728

14. Intangible assets

	2019 $	2018 $
Development costs:		
Written down value:		
Balance at beginning of year	-	2,741,984
Additions	-	-
Impairment expense	-	(2,741,984)
Closing written down value	-	-
Customer contracts:		
Written down value:		
Balance at beginning of year	-	42,510
Additions	-	-
Amortisation expense	-	(42,510)
Closing written down value	-	-
Trademarks:		
Written down value:		
Balance at beginning of year	57,826	57,826
Additions	-	-
Impairment expense	(57,826)	-
Closing written down value	-	57,826
Formation costs:		
Written down value:		
Balance at beginning of year	701	1,746
Additions	-	-
Amortisation expense	-	(1,045)
Impairment expense	(701)	-
Closing written down value	-	701
Closing written down value:		
At beginning of the year	58,527	2,844,066
At end of the year	-	58,527

	2019	2018
	$	$

15. Trade and other payables

Current		
Trade payables	161,575	214,915
Accrued expenses	83,279	122,292
Other payables	138,020	199,055
	382,874	536,262

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. The Certificate of Findings assessed that certain activities of Xped were ineligible for the R&D tax incentive for the 2017/18 income year. Certain tax deductions were deemed to be not allowable and the full amount of the tax offset of $1,634,607 is repayable by the Company. Xped intend to appeal the decision and are confident that the matter will be resolved in the company's favour.

In the event that the appeal is unsuccessful the R&D payable would fall due for repayment to the Australian Taxation Office ("ATO") in accordance with the following debt repayment plan agreed with the ATO:

- By 30 September 2022 (year 3), payment of 50% of the net profit after tax for the financial year ending 30 June 2022, or $250K (whichever is greater).
- By 30 September 2023 (year 4), payment of 50% of the net profit after tax for the financial year ending 30 June 2023, or $400K (whichever is greater).
- By 30 September 2024 (year 5), payment of 50% of the net profit after tax for the financial year ending 30 June 2024, or $500K (whichever is greater).
- By 30 September 2025 (year 6), payment of the balance of any principal and interest accrued.

16. Borrowings

Current		
Insurance premium funding	-	109,419

Non-current		
Loan – Bio SA	224,880	226,456

17. Provisions

Current		
Restoration and rehabilitation	52,000	700,000
Employee benefits	200,783	150,421
	252,783	850,421

Non-current		
Employee benefits	63,747	19,484

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 2020 financial year.

The movement in provisions comprises:

	Rehabilitation	Employee benefits	Total
	$	$	$
Opening balance at 1 July 2018	700,000	169,905	869,905
Increase / (decrease) in provision	69,204	142,090	211,294
Utilisation of provision	(717,204)	(47,475)	(764,679)
Balance at 30 June 2019	52,000	264,520	316,520

	2019 No.	2018 No.
18. Contributed equity		
Ordinary shares – fully paid	1,506,830,774	1,506,830,774

(a) Movements in equity	**No.**	**$**
Balance at 30 June 2017	1,158,556,729	22,071,943
Issue of share as subsequent consideration for JCT purchase (i)	25,773,196	500,000
Issue of shares by private placement (ii)	249,999,998	3,000,000
Issue of shares for investment in Market Place Services Pty Ltd (iii)	25,000,000	250,000
Issue of shares on conversion of Convertible Note	47,483,351	750,300
Issue of shares on exercise of options	17,500	700
Bonus options issued (iv)	-	568,678
Share issue expenses	-	(249,672)
Balance at 30 June 2018	1,506,830,774	26,891,949
Balance at 1 July 2018	1,506,830,774	26,891,949
Balance at 30 June 2019	1,506,830,774	26,891,949

(b) Share options

At 30 June 2019, the following options for ordinary shares in Xped Limited were on issue:

Listed options (XPEOC) (v)	-	127,254,564

(i) Shares issued on 4 July 2017 in accordance with the JCT Group acquisition agreement for consideration shares which were payable 12 months from date of acquisition.
(ii) Shares issued in private placement on 30 August 2017.
(iii) Shares issued on 7th December 2017 for 5.5% interest in Market Place Services Pty Ltd.
(iv) 568,679,000 listed options (ASX: XPEOD) issued under a bonus options offer and bonus options offer shortfall at an issue price of $0.001, with an exercise price of $0.04 and an expiry date of 18 January 2018.
(v) Listed options with an exercise price of $0.10 and expiring 31 December 2018:
- 102,254,564 options issued on 27 January 2017.
- 25,000,000 options issued to Armada Capital on 30 August 2017 in consideration for capital raising services.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

19. Reserves and accumulated losses

(a) Reserves

	2019 $	2018 $
Share based payment reserve	-	663,000

The movement in the share based payment reserve comprises:

	2019 $	2018 $
Balance at beginning of year	663,000	663,000
Expiry of options, transferred to retained earnings	(663,000)	-
Balance at end of year	-	663,000

(b) Accumulated losses

	2019 $	2018 $
Accumulated losses	(27,243,607)	(24,214,472)

The movement in the accumulated losses comprises:

	2019 $	2018 $
Balance at beginning of year	(24,214,472)	(15,155,979)
Expiry of options, transferred from share based payments reserve	663,000	-
Loss for the year	(3,716,409)	(9,058,493)
Transfer of NCI on wind-up of company	24,274	-
Balance at end of year	(27,243,607)	(24,214,472)

20. Discontinued operations

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

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

Financial performance

	2019 $	2018 $
Revenue and other income from discontinued operations	570	351,886
Expenses	(66,629)	(464,144)
Loss before tax from discontinued operations	(66,059)	(112,258)
Income tax expense	-	-
Loss after tax from discontinued operations	(66,059)	(112,258)
Other comprehensive income, net of income tax	-	-
Total comprehensive income for the year	(66,059)	(112,258)

Cash flows

	2019 $	2018 $
Net cash outflow from operating activities	(66,056)	(112,148)
Net decrease in cash generated by the component	(66,056)	(112,148)

21. Remuneration of auditors

During the year the following fees were paid or payable to Pitcher Partners for services provided by the auditor of the group:

	2019 $	2018 $
Audit and other assurance services		
Audit and review of financial reports	70,000	75,000
Other assurance services	-	4,500
Financial due diligence	-	10,000
Non-audit services		
Tax and other services	49,884	76,494
	119,884	165,994

	2019 $	2018 $

22. Key management personnel

(a) Key management personnel compensation

	2019 $	2018 $
Short-term employee benefits	609,992	1,086,315

(b) Other transactions with key management personnel

Electro Cad Australia Pty Ltd, an entity controlled by John Schultz, provided supplies and services to Xped Limited. $74,251 (2018: $65,800) has been expensed during the year in relation to these services. $15,712 was payable at balance date (2018: $6,681).

No other transactions with key management personnel have been entered into during the year.

23. Cash flow information

Reconciliation of cash and cash equivalents:

	2019 $	2018 $
Cash on hand	240	240
Cash at bank	1,405,591	2,371,968
Cash and cash equivalents per cash flow statement	1,405,831	2,372,208

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

	2019 $	2018 $
Loss for the year	(3,716,409)	(9,062,425)
Non-cash items in profit or loss:		
Depreciation	30,905	315,255
Amortisation	-	43,555
Impairment	958,526	3,745,662
Interest on convertible notes	-	706,966
Loss on sale of asset	4,158	1,136
Other	345	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade or other receivables	288,043	(126,355)
(Increase)/decrease in inventory	148,957	(152,705)
(Increase)/decrease in other current assets	59,297	302,331
Increase/(decrease) in trade and other payables	1,481,219	(679,194)
Increase/(decrease) in income in advance	(333,742)	333,742
Increase/(decrease) in provisions	(553,375)	(210,935)
Increase/(decrease) in other liabilities	-	(12,768)
Net cash outflow from operating activities	(1,632,076)	(4,795,735)

Net cash outflow for acquisition of subsidiaries:

The Company paid $500,000 for the acquisition of JCT Healthcare Pty Ltd in FY18. No cash was acquired as part of the business combination, resulting in a net cash outflow of $500,000.

	2019 cents	2018 cents (restated)

24. Earnings per share

(a) Basic and diluted earnings per share

Loss from continuing operations attributable to the ordinary equity holders of the company	(0.24)	(0.61)
Loss from discontinued operations attributable to the ordinary equity holds of the company	(0.01)	(0.01)
Loss attributable to the ordinary equity holders of the company	(0.25)	(0.62)

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

	2019 No.	2018 No.
Number used in calculating basic and diluted earnings per share	1,506,830,774	1,450,775,034

(c) Information concerning earnings per share

Options granted are considered to be potential ordinary shares. As the group has incurred losses the potential voting rights are deemed to be anti-dilutive.

25. Parent entity disclosures

a) Summary financial information

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

	2019 $	2018 $
Results		
Loss for the year	719,202	863,590
Total comprehensive loss for the year	719,202	863,590
Financial position		
Current assets	498,947	1,946,485
Non-current assets	23,044,748	23,402,703
	23,543,695	25,349,188
Current liabilities	45,188	231,479
Non-current liabilities	-	-
	45,188	231,479
Net assets	23,498,507	25,117,709
Contributed equity	72,792,706	72,792,706
Share-based payments reserve	-	663,000
Accumulated losses	(49,294,199)	(49,337,997)
	23,498,507	25,117,709

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

The parent entity did not have any contingent liabilities as at 30 June 2019.

d) Contractual commitments for capital expenditure

The parent entity did not have any contractual commitments for capital expenditure as at 30 June 2019.

26. Commitments

Operating leases

	2019 $	2018 $
Within one year	139,368	190,801
Later than one year but not later than five years	30,291	236,859
Later than five years	-	-
	169,659	427,660

Provision for restoration, rehabilitation and environmental expenditure

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

	2019 $	2018 $
Within one year	52,000	700,000
Later than one year but not later than five years	-	-
Later than five years	-	-
	52,000	700,000

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 2019 %	Equity holding 2018 %
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
Xped Products HK Limited (ceased October 2018)	Hong Kong	Ordinary	-	100
Xped HK Holdings Limited (ceased October 2018)	Hong Kong	Ordinary	-	100
Xped Data HK Limited (ceased October 2018)	Hong Kong	Ordinary	-	100
Jackson Care Pty Ltd (closed March 2019)	Australia	Ordinary	-	100
Jemsoft Pty Ltd (closed March 2019)	Australia	Ordinary	-	100
Media Intelligence Co Pty Ltd (closed March 2019)	Australia	Ordinary	-	56
Xped Global Pte Ltd (closed September 2018)	Singapore	Ordinary	-	100
Panax Geothermal No.1 Pte Ltd (closed January 2019)	Singapore	Ordinary	-	100
Panax Geothermal No. 2 Pte Ltd (closed January 2019)	Singapore	Ordinary	-	100
Panax Geothermal No. 3 Pte Ltd (closed January 2019)	Singapore	Ordinary	-	100

28. 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 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. 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 a prior year. The Group will look to divest its impaired projects moving forward.

(c) Investment in associates

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

29. Subsequent events

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. The Certificate of Findings assessed that certain activities of Xped were ineligible for the R&D tax incentive for the 2017/18 income year. Certain tax deductions were deemed to be not allowable and the full amount of the tax offset of $1,634,607 is repayable by the Company. Xped intend to appeal the decision and are confident that the matter will be resolved in the company's favour.

In the event that the appeal is unsuccessful the R&D payable would fall due for repayment to the Australian Taxation Office ("ATO") in accordance with the following debt repayment plan agreed with the ATO:

- By 30 September 2022 (year 3), payment of 50% of the net profit after tax for the financial year ending 30 June 2022, or $250K (whichever is greater).
- By 30 September 2023 (year 4), payment of 50% of the net profit after tax for the financial year ending 30 June 2023, or $400K (whichever is greater).
- By 30 September 2024 (year 5), payment of 50% of the net profit after tax for the financial year ending 30 June 2024, or $500K (whichever is greater).
- By 30 September 2025 (year 6), payment of the balance of any principal and interest accrued.

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 2019 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); and

(c) there are reasonable grounds to believe that the Company 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 directors.

Peter Hunt
Chairman

Adelaide, South Australia
26 September 2019

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF XPED LIMITED

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 2019, 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, and 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 2019 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* "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 2019 the Group has $1,405,831 (2018: $2,372,208) in cash and cash equivalents and a net liabilities of $351,658 (2018: $3,364,751 net assets). During the year ended 30 June 2019 the Group incurred a loss after tax of $3,716,409 (2018: $9,058,493 loss) and a net cash outflow from operating activities, excluding government grants and refundable R&D tax incentives, of $3,313,985 (2018: $7,256,720 outflow).

The continuing losses and cash outflows from operating activities have significantly reduced the Group's cash and net working capital position. This limits the Group's ability to further invest in the commercialisation of its Internet of Things ("IoT") solutions which impedes the development of near term revenue streams in order to sustain the current level of operating cash outflows.

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
Inventory provision *(Refer to Notes 1(j) and 12)*	
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: • Attending the Group's stocktake to identify items which appeared to be slow moving and subsequently assessed these items for potential impairment; • Understanding and assessing the relevant controls and processes associated with identifying slow moving and obsolete inventory and adjustments made by management; • 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 Corporate Directory, Directors' Report, Corporate Governance Practices & Conduct and ASX Additional Information which was obtained as at the date of our audit report, and any additional other information that will be included in the Group's annual report for the year ended 30 June 2019, 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 identified above 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.

When we read the additional other information in the Annual Report not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgment to determine the appropriate action to take.

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, related safeguards.

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 5 to 9 of the Directors' Report for the year ended 30 June 2019. In our opinion, the Remuneration Report of Xped Limited, for the year ended 30 June 2019, 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

Dated: 26 September 2019

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 6 September 2019.

Twenty largest shareholders

Rank	Name of holder	No. of ordinary shares held	Issued capital %
1	JK GROUP AUSTRALIA PTY LTD <JK FAMILY A/C>	140,288,321	9.31%
2	ALANTICX TECHNOLOGIES PTY LTD <ALANTICX A/C>	112,732,700	7.48%
3	MRS DUANRONG ZHANG	30,000,000	1.99%
4	MR CYRUS ALLEN	24,493,727	1.63%
5	BNP PARIBAS NOMS PTY LTD <DRP>	21,870,000	1.45%
6	MR HEMANT KUMAR VANMALI <SUNI-JAY A/C>	18,250,000	1.21%
7	MR CHRISTOPHER JOHN CARNIE	15,000,000	1.00%
8	CITICORP NOMINEES PTY LIMITED	13,250,752	0.88%
9	MR GREGORY ALAN STOREY	12,850,000	0.85%
10	MR THANH PHUOC LU & MRS THI ANH TUYET LU	12,000,000	0.80%
11	MR JOHN MIHAILAROS	11,000,000	0.73%
12	MR YE ZHENG	10,644,503	0.71%
13	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	10,529,485	0.70%
14	MR ALDO MOSENICH	10,250,000	0.68%
15	PHILLIP CARRIG	10,148,936	0.67%
16	MR FRED WATERS	10,000,000	0.66%
17	MR DARRYL IVOR SCHOKMAN	9,521,499	0.63%
18	MR SHU HAN ZHANG	9,016,864	0.60%
19	MISS LAN DAI	9,000,000	0.60%
20	GLM KOPPA PTY LTD <KOPPA FAMILY SUPER FUND A/C>	8,450,000	0.56%
	TOTAL	499,296,787	33.14%
	Total issued capital	**1,506,830,774**	**100.00%**

Substantial shareholders

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

Name of holder	No. of ordinary shares held	Issued capital %
JK GROUP AUSTRALIA PTY LTD <JK FAMILY A/C>	140,288,321	9.31%
ALANTICX TECHNOLOGIES PTY LTD <ALANTICX A/C>	112,732,700	7.48%

Distribution of member holdings

Holding ranges	Holders	Total units	% issued share capital
1 - 1,000	225	29,977	0.00%
1,001 - 5,000	83	285,909	0.02%
5,001 - 10,000	103	789,190	0.05%
10,001 - 100,000	1,745	75,076,332	4.98%
100,001 - 9,999,999,999	1,353	1,430,649,366	94.94%
Totals	**3,817**	**1,506,830,774**	**100.00%**

The number of security investors holding less than a marketable parcel of securities is 2,992 with a combined total of 266,565,282 securities.

Voting rights

All shares carry one vote per share without restriction.