Xped Limited

ASX:XPE

Appendix 4D Half Year Report ended 31 December 2018

Results for announcement to the market

Results	Movements			$ 31 December 2018	$ 31 December 2017
Revenue from ordinary activities	up	4.9%	to	2,864,460	2,731,263
Loss from ordinary activities after tax	down	98.1%	to	(103,063)	(5,688,053)
Loss for the period attributable to the shareholders	down	98.6%	to	(78,789)	(5,664,906)
From continuing activities:					
Revenue from continuing activities	up	4.9%	to	2,864,460	2,731,263
Loss from continuing activities after tax	down	99.3%	to	(36,473)	(5,704,658)
Loss from continuing activities attributable to the shareholders	down	99.3%	to	(36,473)	(5,704,658)

	Cents	Cents
Earnings per share for loss from continuing operations attributable to the shareholders of the company		
Basic (loss) per share	(0.002)	(0.408)
Earnings per share for loss attributable to the shareholders of the company		
Basic and diluted (loss) per share	(0.007)	(0.407)
Net Tangible Asset Backing		
Per ordinary security (cents per share)	0.21	0.22

Dividends Payable

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

Control gained over entities having a material effect
Nil

Loss of control of entities having a material effect
Jemsoft Pty Ltd and Media Intelligence Co Pty Ltd have ceased operations during the period. Their operating results for the half-year ended 31 December 2018 is presented as discontinued operations in the statement of profit or loss and other comprehensive income.

Detail of associates and joint venture entities

Nil

Xped Limited

ABN 89 122 203 196

ASX:XPE

Interim Financial Report
for the half financial year ended
31 December 2018

Xped Limited ABN 89 122 203 196
Interim Financial Report – Half-Year Ended 31 December 2018

Contents

This interim financial report does not include all of the notes and other disclosure information of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the financial year ended 30 June 2018 and any public announcements made by Xped Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Corporate Directory

Directors	Mr Peter Hunt, Chairman and Director Mr John Schultz, Executive Director Mr Christopher Wood, Executive Director
Company Secretaries	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 8 9324 2099 Facsimile: 61 8 9321 2337
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

The directors present their report on Xped Limited (the "Company" or "Xped") and the entities it controlled ("the Group") at the end of, or during, the half-year ended 31 December 2018.

Directors

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

Mr Peter Hunt	Non-Executive Chairman as a Director
Mr John Schultz	Executive Director
Mr Christopher Wood	Executive Director

Company Secretaries

Mrs 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 is a wholly owned subsidiary of the Company that sells 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.

Dividends

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

Review and Results of Operations

The Group realised a loss after tax for the half-year of $103,063 (HY 31 Dec 17: loss of $5,688,053).

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

HIGHLIGHTS OF THE HALF YEAR

- First orders received for DiscoverBus products from Singapore and US partners.
- First payment received from Heuresy initiating the Physical Security Token hardware design project.
- Binding collaboration agreement signed to deliver the Xped Infrastructure Platform as the smart home platform for Telekom Malaysia under the TM One brand.
- Xerts coupon management system delivered to Market Place Services IT Pty Ltd as part of a three-month trial with a government services organization.
- Xped completes restructuring of its health care business.
- Received R&D tax refund of $1.6M from the ATO.

Directors' Report (continued)

Simplification of the Group's business structure saw the following entities closed during the period:

Name of entity	Country of incorporation	Class of shares	Equity holding	Closure date
Panax Holdings Pty Ltd	Australia	Ordinary	100	19 March 2018
Scopenergy Petroleum Pty Ltd	Australia	Ordinary	100	19 March 2018
Jackson Care Technologies Pty Ltd	Australia	Ordinary	100	20 December 2018
Jemsoft Pty Ltd	Australia	Ordinary	100	20 December 2018
Media Intelligence Co Pty Ltd	Australia	Ordinary	56	20 December 2018
Xped Global Pte Ltd	Singapore	Ordinary	100	4 September 2018

Health, Safety, Environment, and Community

- During the half-year under review, there were no reportable incidents relating to health, safety, or community-related matters.
- No business objective will take priority over the Occupational Health and Safety Policy and the Company's record of achievement in this important area of its activities will form an essential part of the measure of its overall success.

Significant changes in the nature of activities

Other than as disclosed in this report, there were no other changes in the nature of activities that occurred during the course of the financial year.

Events Occurring After Balance Sheet Date

There has not arisen in the interval between the end of the financial year and the date of the report any matter or circumstance that has significantly affected, or may significantly affect the Group's operations, results or the state of affairs in future financial years.

Auditor's Independence Declaration

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

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

Mr Peter Hunt
Director

Adelaide, South Australia

28 February 2019

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

Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 31 December 2018, 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
28 February 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Half-Year 2018 $	Half-Year 2017 $
Revenue and other income from continuing operations	3	2,864,460	2,731,263
Employee and contracting expenses		(1,310,463)	(1,536,424)
Finance costs		(3,416)	(716,082)
Directors fees		(304,996)	(751,534)
Consulting and advisory fees		(8,133)	(462,281)
Occupancy costs		(93,259)	(115,441)
Travel		(29,448)	(105,044)
Marketing and promotion		(70,284)	(77,008)
Professional and legal fees		(114,143)	(315,097)
Materials		(425,848)	(670,662)
Patents and Trademarks		(90,086)	(107,310)
Depreciation		(15,981)	(159,679)
Foreign currency gains/(losses)		(1,859)	3,621
Impairment of other receivables	5	(250,000)	(400,000)
Impairment of development costs		-	(2,741,984)
Impairment of capitalised joint venture costs		-	(3,678)
Other expenses		(183,017)	(277,318)
Loss before income tax		**(36,473)**	**(5,704,658)**
Income tax expense		-	-
Loss from continuing operations		**(36,473)**	**(5,704,658)**
Profit/(Loss) from discontinued operations		(66,590)	16,605
Total loss for the half-year		**(103,063)**	**(5,688,053)**
Other comprehensive income		-	-
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		**(103,063)**	**(5,688,053)**
Total comprehensive income attributable to:			
Owners of the parent		(78,789)	(5,664,906)
Non-controlling interests		(24,274)	(23,147)
		(103,063)	**(5,688,053)**
Total comprehensive income attributable to:			
Continuing operations		(36,473)	(5,704,658)
Discontinued operations		(66,590)	16,605
		(103,063)	**(5,688,053)**
Earnings per share for loss from continuing operations attributable to the shareholders of the company		**Cents**	**Cents**
Basic and diluted (loss) per share		(0.002)	(0.408)
Earnings per share for loss attributable to the shareholders of the company		**Cents**	**Cents**
Basic and diluted (loss) per share		(0.007)	(0.407)

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

Condensed Consolidated Statement of Financial Position

	Notes	31 December 2018 $	30 June 2018 $
ASSETS			
Current assets			
Cash and cash equivalents		2,388,768	2,372,208
Other financial assets	4	220,000	900,668
Trade and other receivables	5	216,258	403,879
Prepayments		124,810	183,786
Inventory	6	430,442	524,739
Total current assets		**3,380,278**	**4,385,280**
Non-current assets			
Other receivables	5	650,000	900,000
Plant and equipment		79,805	96,729
Intangible assets	7	58,526	58,526
Total non-current assets		**788,331**	**1,055,255**
TOTAL ASSETS		**4,168,609**	**5,440,535**
LIABILITIES			
Current liabilities			
Trade and other payables	8	286,229	536,262
Borrowings	9	27,355	109,419
Provisions	10	249,410	850,421
Income in advance		65,959	333,742
Total current liabilities		**628,953**	**1,829,844**
Non-current liabilities			
Borrowings	9	226,456	226,456
Provisions	10	51,512	19,484
Total non-current liabilities		**277,968**	**245,940**
TOTAL LIABILITIES		**906,921**	**2,075,784**
NET ASSETS		**3,261,688**	**3,364,751**
EQUITY			
Contributed equity	11	26,891,949	26,891,949
Reserves		-	663,000
Accumulated losses		(23,630,261)	(24,214,472)
Owners of the parent		3,261,688	3,340,447
Non-controlling interests		-	24,274
TOTAL EQUITY		**3,261,688**	**3,364,751**

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

Condensed Consolidated Statement of Changes in Equity

	Contributed Equity	Reserves	Accumulated Losses	Non-controlling Interests	Total
	$	$	$	$	$
2018					
Balance at 1 July 2018	26,891,949	663,000	(24,214,472)	24,274	3,364,751
Loss for the half-year	-	-	(78,789)	(24,274)	(103,063)
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss) for the half-year	-	-	(78,789)	(24,274)	(103,063)
Transactions with owners in their capacity as owners:					
Listed options expired 31 December 2018	-	(663,000)	663,000	-	-
Balance at 31 December 2018	**26,891,949**	**-**	**(23,630,261)**	**-**	**3,261,688**
2017					
Balance at 1 July 2017	22,071,943	663,000	(15,179,126)	46,456	7,602,273
Loss for the half-year	-	-	(5,664,906)	(23,147)	(5,688,053)
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss) for the half-year	-	-	(5,664,906)	(23,147)	(5,688,053)
Transactions with owners in their capacity as owners:					
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	100	-	-	-	100
Fair value of ordinary shares issued as subsequent consideration for JCT purchase	500,000	-	-	-	500,000
Fair value of ordinary shares issued for investment in Market Place Services Pty Ltd	250,000	-	-	-	250,000
Cost of share issue	(249,672)	-	-	-	(249,672)
Balance at 31 December 2017	**26,891,349**	**663,000**	**(20,844,032)**	**23,309**	**6,733,626**

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

Condensed Consolidated Statement of Cash Flows

	Note	Half-year 2018 $	Half-year 2017 $
Cash flows from operating activities			
Customer receipts		1,141,279	386,330
Interest received		8,412	23,458
Interest paid		(3,587)	(9,144)
R&D tax concession received		1,634,607	2,151,812
Payments to suppliers and employees		(3,307,445)	(5,499,276)
Income tax (paid) / refund		-	183,448
Net cash outflow from operating activities – continuing operations		**(526,734)**	**(2,763,372)**
Net cash inflow/(outflow) from operating activities – discontinued operations		(51,751)	17,492
Total net cash outflow from operating activities		**(578,485)**	**(2,745,880)**
Cash flows from investing activities			
Payments for plant and equipment		(3,559)	(31,897)
Payment for acquisition of subsidiary net cash acquired		-	(500,000)
Loans to third parties		-	(175,000)
Net cash outflow from investing activities – continuing operations		**(3,559)**	**(706,897)**
Net cash flow from investing activities – discontinued operations		-	-
Total net cash outflow from investing activities		**(3,559**	**(706,897)**
Cash flows from financing activities			
Repayment of finance lease and loans		(82,064)	(146,343)
Repayment of borrowings – general		-	(39,998)
Repayment of convertible notes		-	(1,081,666)
Issue of shares		-	3,000,100
Issue of bonus options		-	568,677
Share issue costs		-	(249,672)
Net cash inflow/(outflow) from financing activities – continuing operations		**(82,064)**	**2,051,098**
Net cash flow from financing activities – discontinued operations		-	-
Total net cash inflow/(outflow) from financing activities		**(82,064)**	**2,051,098**
Net increase/ (decrease) in cash and cash equivalents		(664,108)	(1,401,678)
Cash and cash equivalents at the beginning of the half-year		3,272,876	7,124,199
Cash and cash equivalents at the end of the half-year	15	**2,608,768**	**5,722,521**

The Group classifies term deposits with maturity dates greater than three months and term deposits which are held as securities for bank guarantees as other financial assets. As at 31 December 2018 the Group held cash and cash equivalents above, $220,000 (2017: $900,668) in term deposits. These term deposits are included in cash and cash equivalents for cash flow reporting purposes. Refer to note 15.

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

Notes to the Financial Statements

1 Significant Accounting Policies

(a) Basis of preparation

These general purpose condensed financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard AASB134 *Interim Financial Reporting*. The Group is a for-profit entity for the purpose of preparing the financial statements. This interim financial report is intended to provide users with an update of the latest half-year financial statements of Xped Limited and its controlled entities (the Group). As such, it does not contain all notes of the type normally included in an annual financial report. The same accounting policies have been applied in the interim financial statements as compared to the most recent annual financial statements for the year ended 30 June 2018. It is therefore recommended that this financial report be read in conjunction with the annual financial report of the Group for the year ended 30 June 2018, together with any public announcements made during the half-year. The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. There was no material impact on the financial report as a result of the adoption of these standards.

(b) Going concern

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

As at 31 December 2018 the Group has $2,608,768 (30 June 2018: $2,372,208) cash and cash equivalents. During the half-year ended 31 December 2018 the Group incurred a loss after tax of $103,063 (2017 half-year: $5,688,053 loss) and net cash outflows from operating activities (excluding refundable R&D tax offsets) of $2,213,092 (2017 half-year: $4,958,062 outflow). The continuing cash outflows from operating activities continue to reduce the Group's cash and net working capital position. This may limit the Group's ability to further invest in the commercialisation of its IoT solutions which may prevent the development of near term revenue streams to sustain the current level of operating cash outflow.

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

At the date of this report the Directors have implemented plans to address the Group's ongoing operations which includes, amongst others, closely monitoring the Group's actual versus budgeted cash burn each month, restricting expenditure to the commercialisation of IoT products already developed for the purpose of generating cash inflows through the realisation of revenue; and reducing director fees, contracting, employee and other operating costs if material Xped IoT revenues are not generated by the end of June 2019.

The Directors have all accepted a month to month service arrangement with the Company that may be terminated with one month's notice by either party. Also, the Group will not be entering into any long-term contractual expenditure with its suppliers. These plans provide greater flexibility to reduce the Group's ongoing expenditure over the next 12 months, if required.

The Group expects to apply for and receive a refundable R&D tax incentive for the 2018-19 year, which based on current expenditure is expected to exceed $700,000. The R&D cash refund will likely be received in the first half of the 2020 financial year.

In addition, the Board will continue to monitor the development of near term revenue opportunities generated through Xped's IoT platforms and evaluate alternative funding options that may include a future capital raising and/or a restructuring of the Group's operations in addition to the cost saving initiatives identified above.

The Directors believe the Company will be successful in carrying out its plans described above, therefore, the interim financial statements have been prepared on a going concern basis.

(c) New and amended accounting standards adopted by the Group

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements for the year ended 30 June 2018. The changes in accounting policies will also be reflected in the Group's consolidated financial statements for the year ending 30 June 2019.

(i) AASB 15 *Revenue from Contracts with Customers*

The Group has adopted AASB 15 Revenue from Contracts with Customers ("AASB 15") from 1 July 2018. Details of the new requirements of AASB 15 are described below. The Group notes that the adoption AASB 15 has not had a significant impact on the consolidated financial statements.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It has replaced AASB 118 Revenue, AASB 111 Construction Contracts and related interpretations. The core principle of AASB 15 is that an entity shall recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred rather than on transfer of risk and rewards.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's revenue from their contracts with customers are set out below.

Project Revenues

The contractual terms and the way in which the Group operates its project contracts is predominantly derived from projects containing two performance obligations: (1) supply, installation and testing of hardware and software and (2) ongoing maintenance and IT support services. For supply, installation and testing of hardware and software, customers simultaneously receive and consume the benefits as the Group performs its obligations under the contract. Therefore project revenue is recognised over time based on stage of completion of contract. For ongoing maintenance and IT support services, revenue is recognised over time as services are rendered to the customer.

The new standard provides a higher threshold for recognition of variations, claims and incentives which only allows revenue from variations and claims to be recognised to the extent they are approved or enforceable under the contract. The amount of revenue is then recognised to the extent it is highly probable that a significant reversal of revenue will not occur.

Rendering of Services

Revenue is recognised as services are rendered to the customer.

Sale of Goods

Revenue is recognised at a point in time when the customer obtains control of goods

(ii) AASB 9 *Financial Instruments*

This standard replaces AASB 139 Financial Instruments: Recognition and Measurement ("AASB 139"). AASB 9 Financial Instruments ("AASB 9") includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation of impairment of financial assets, and new general hedge accounting requirements. It also carries forward guidance on recognition and derecognition of financial instruments from AASB 139.

Classification and measurement – financial assets and liabilities

AASB 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost; fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing AASB 139 categories of held to maturity, loans and receivables and available for sale, whilst the existing requirements for the classification of financial liabilities in AASB 139 is retained.

Impairment

AASB 9 replaces the "incurred loss" model in AASB 139 with a forward looking "expected credit loss" ("ECL") model. The new impairment model will apply to financial assets measured at amortised cost or FVOCI (except for investments in equity instruments).

Under AASB 9, loss allowances will be measured on either of the following bases:
- 12 month ECL: where there are ECLs that result from possible default events within 12 months from the reporting date; and
- Lifetime ECLs: these are ECLs that result from possible default events over the expected life of a financial instrument.

The Group notes that the impact on transition from application of expected credit loss model of AASB 9 is not material.

(d) New accounting standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations are relevant to current operations. They are available for early adoption but have not been applied by the Group in this Financial Report.

(i) AASB 16 *Leases*

AASB 16 Leases ("AASB 16") will replace the current leasing standard AASB 117 and contains significant changes to the accounting treatment of leases around how to recognise, measure and disclose leases. The new standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases, with recognition exceptions available for short-term (less than 12 months) and low value leases. Lessor accounting remains similar to the current standard. AASB 16 applies to annual reporting periods beginning on or after 1 July 2019.

AASB 16 must be implemented retrospectively, either with the restatement of comparatives or, under the modified retrospective approach, with the cumulative impact on initial application recognised as an adjustment to opening retained earnings as at 1 July 2019.

Under the modified retrospective approach, on a lease-by-lease basis, the right of use asset may be deemed to be equivalent to the liability at transition or calculated retrospectively as at inception of the lease.

The Group has not yet quantified the effect of this new standard.

(e) Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial / Directors Reports) Instrument 2016/191, the amounts in the Directors Report and in the Financial Report have been rounded to the nearest dollar.

(f) Fair values

The fair values of all monetary financial assets and liabilities approximate their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form. The aggregate fair values and carrying amounts of financial assets and liabilities are disclosed in the condensed consolidated statement of financial position and in the notes to and forming part of the condensed half-year financial report.

2 Operating Segments

Identification of reportable segments

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

The Group is managed primarily on an activities basis, operating segments are therefore determined on the same basis. Technology Development, Healthcare Technology, Jemsoft & Media Intelligence, Geothermal Projects and Corporate were the operating segments during the half year ended 31 December 2018.

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 and Jackson Care Technologies Pty Ltd, providing 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 is a computer vision and machine learning company providing industry leading technology to global enterprise and developers. Media Intelligence builds and implements artificially intelligent technologies that supplement media research and analytics systems for customers operating in the marketing sector. This segment has been discontinued during the period.

Geothermal Projects
Xped held interests in 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 will receive 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.

Corporate
Comprising overhead costs such as non-executive director's fees, listing and share registry fees, insurance, and corporate services.

2 Operating Segments (continued)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

(i) Segment performance

	Technology Development	Healthcare Technology	*Jemsoft & Media Intelligence	Geothermal Projects	Corporate	Total
Half-year ended 31 December 2018:						
Interest revenue	-	1,039	570	-	6,803	**8,412**
Revenue:						
- Over time	246,864	661,004	-	-	-	**907,868**
- At a point in time	-	314,143	-	-	-	**314,143**
R and D tax concession	1,634,607	-	-	-	-	**1,634,607**
Total segment revenue	1,881,471	976,186	570	-	6,803	**2,865,030**
Total segment expenses	(1,382,687)	(1,176,686)	(67,160)	(188,566)	(152,994)	**(2,968,093)**
Profit/(loss) before income tax for the half-year	**498,784**	**(200,500)**	**(66,590)**	**(188,566)**	**(146,191)**	**(103,063)**

**Discontinued during the period*

	Technology Development	Healthcare Technology	*Jemsoft & Media Intelligence	Geothermal Projects	Corporate	Total
Half-year ended 31 December 2017:						
Interest revenue	1	981	60	-	22,416	**23,458**
Revenue:						
- Over time	8,017	343,160	27,000	-	-	**378,177**
- At a point in time	-	204,149	-	-	-	**204,149**
R and D tax concession	2,151,812	-	60,370	-	-	**2,212,182**
Gain on disposal of assets	727	-	-	-	-	**727**
Total segment revenue	2,160,557	548,290	87,430	-	22,416	**2,818,693**
Total segment expenses	(6,483,784)	(1,088,965)	(70,825)	(400,000)	(463,172)	**(8,506,746)**
Profit/(loss) before income tax for the half-year	**(4,323,227)**	**(540,675)**	**16,605**	**(400,000)**	**(440,756)**	**(5,688,053)**

(ii) Segment assets and liabilities

	Technology Developmen t	Healthcare Technology	Jemsoft & Media Intelligence	Geothermal Projects	Corporate	Eliminations	Total
As at 31 December 2018:							
Total assets	1,136,441	1,491,903	-	650,240	20,643,589	(19,753,564)	4,168,609
Total liabilities	(14,558,427)	(3,742,511)	-	(2,309,549)	(49,998)	19,753,564	(906,921)
As at 30 June 2018:							
Total assets	1,133,792	2,146,826	160,457	900,240	21,359,244	(20,260,024)	5,440,535
Total liabilities	(14,694,792)	(5,006,407)	(32,146)	(2,370,983)	(231,480)	20,260,024	(2,075,784)

3 Revenue and Other Income from continuing operations

	Half-year 2018 $	Half-year 2017 $
Interest	7,842	23,398
Revenue from contracts with customers	1,222,011	555,326
R&D tax concession	1,634,607	2,151,812
Gain on disposal of assets	-	727
	2,864,460	2,731,263

Information regarding the disaggregation of the Group's revenue from contracts with customers is presented below.

Timing of revenue recognition	2018 $	2017 $
Over time	907,868	378,177
At a point in time	314,143	177,149
	1,222,011	555,326

4 Other Financial Assets

Current	31 December 2018 $	30 June 2018 $
Term deposits	220,000	900,668

5 Trade and Other Receivables

	31 December 2018 $	30 June 2018 $
Current		
Trade debtors	190,417	372,571
Accrued income	717	2,058
Other receivables*	25,124	29,250
	216,258	403,879
Non-current		
Other receivables	1,300,000	1,300,000
Loss allowance	(650,000)	(400,000)
	650,000	900,000

Other receivables includes a receivable from K.S.Orka of $1.3 million net of a loss allowance of $650,000. The carrying amount of the receivable from K.S.Orka is $650,000 (30 June 2018: $900,000). An additional $250,000 (30 June 2018 $400,000) loss allowance was recognised in profit or loss as 'impairment of other receivables' during the current half-year.

6 Inventory

	31 December 2018 $	30 June 2018 $
Inventory - at cost	1,064,442	1,158,739
Inventory - accumulated impairment	(634,000)	(634,000)
	430,442	524,739

7 Intangible Assets

At written down value	31 December 2018 $	30 June 2018 $
Trademarks and Patents	57,826	57,826
Other	700	700
	58,526	58,526

8 Trade and Other Payables

	31 December 2018	30 June 2018
Current		
Trade creditors	124,533	214,915
Accruals	64,313	122,292
Other payables	97,383	199,055
	286,229	536,262

Trade payables and accruals are generally unsecured, non-interest bearing and are generally due 30 to 60 days from the date of recognition.

9 Borrowings

Current		
Insurance premium funding	27,355	109,419
	27,355	109,419
Non-current		
Loan	226,456	226,456
	226,456	226,456

10 Provisions

Current		
Rehabilitation	80,000	700,000
Employee benefits – current	169,410	150,422
	249,410	850,421
Non-current		
Employee benefits – non-current	51,512	19,484
	51,512	19,484

11 Contributed Equity

(a) Issued Capital

Ordinary shares – fully paid	26,891,949	26,891,349

	Half-year 2018 Number of Shares	Half-year 2018 $	Half-year 2017 Number of Shares	Half-year 2017 $
Balance at the start of the half-year	1,506,815,774	26,891,949	1,158,556,729	22,071,943
Issue of shares on exercise of options (i)	-	-	2,500	100
Issue of shares (ii)	-	-	348,256,545	4,500,300
Issue of options (ASX: XPEOD) (iii)	-	-	-	568,678
Issue costs	-	-	-	(249,672)
Balance at the end of the half-year	1,506,815,744	26,891,949	1,506,815,774	26,891,349

(i) Shares issued on the exercise of listed options (ASX: XPEOD) at an exercise price of $0.04.

(ii) 348,256,545 shares issued as follows:

- 47,483,351 shares issued on conversion of Convertible Notes with a fair value of $750,300.
- 25,773,196 shares issued as subsequent consideration for JCT purchase with a fair value of $500,000.
- 25,000,000 shares issued in consideration for 5.5% shareholdings of Marketplace Services Pty Ltd.
- 249,999,998 shares issued by private placement, raising $3,000,000.

(iii) Bonus Options Offer at an issue price of $0.001, exercise price of $0.04 and expiring 18 January 2018.

(b) Share options

	31 December 2018 Number	30 June 2018 Number
Listed options (XPEOC) (i)	-	127,254,564
	-	127,254,564

(i) Listed options with an exercise price of $0.10 expired 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 services rendered.

12 Contingent Liabilities

Xped did not have any contingent liabilities as at 31 December 2018.

13 Commitments

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.

Commitments in relation to minimum statutory expenditures with respect to tenements:

Within one year	80,000	700,000
Later than one year but not later than five years	-	-
Later than five years	-	-
	80,000	700,000

14 Related Party Transactions

During the period, Electro Cad Australia Pty Ltd, an entity controlled by John Schultz, provided supplies and services to Xped Limited of $41,648 (Half-year ended December 2017: $61,443) during the period.

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

15 Reconciliation of Cash and Cash Equivalents at the End of the Period

	31 December 2018	30 June 2018
Cash at bank	2,388,768	2,372,208
Term Deposits	220,000	900,668
	2,608,768	3,272,876

16 Events Subsequent to Reporting Date

There has been no matter or circumstance, which has arisen since 31 December 2018 that has significantly affected or may significantly affect:

(a) the operations, in financial periods subsequent to 31 December 2018, of the Group, or
(b) the results of those operations, or
(c) the state of affairs, in financial periods subsequent to 31 December 2018, of the Group.

Directors' Declaration

In the directors' opinion:

(a) the attached financial statements and notes are in accordance with the *Corporations Act 2001,* including:
   (i) complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
   (ii) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

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

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

Mr Peter Hunt
Director

28 February 2019

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Independent Auditor's Review Report to the Members of Xped Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Xped Limited ("the Company") and its controlled entities ("the Group") which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, other explanatory information and the directors' declaration.

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

Auditor's Responsibility
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ("ASRE 2410"), in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

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

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report which states that as at 31 December 2018 the Group has $2,608,768 (30 June 2018: $2,372,208) cash and cash equivalents. During the half-year ended 31 December 2018 the Group incurred a loss after tax of $103,063 (2017 half-year: $5,688,053 loss) and net cash outflows from operating activities (excluding refundable R&D tax offsets) of $2,213,092 (2017 half-year: $4,958,062 outflow). The continuing losses and cash outflows from operating activities have reduced the Group's cash and net working capital position. This may limit the Group's ability to further invest in the commercialisation of its IoT solutions which would prevent the development of near term revenue streams to sustain the current level of operating cash outflows.

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

Pitcher Partners

PITCHER PARTNERS

DANIEL COLWELL
Partner

Brisbane
28 February 2019