

Xped Limited



ASX:XPE

ABN 89 122 203 196

Appendix 4E Preliminary final report

REPORTING PERIOD

The financial information contained in this report is for the year ended 30 June 2019. Comparative amounts, unless otherwise indicated, are for the year ended 30 June 2018.

RESULTS FOR ANNOUNCEMENT TO THE MARKET (UNAUDITED)

	Change	% Change	2019 \$	2018 \$
Revenues from ordinary activities	down	41%	2,237,917	3,784,888
Loss from ordinary activities after tax	down	59%	3,716,409	9,062,425
Loss for the year attributable to the shareholders	down	59%	3,716,409	9,058,493
Revenue from continuing activities	down	35%	2,237,347	3,433,002
Loss from continuing activities after tax	down	59%	3,650,350	8,950,167
Loss from continuing activities attributable to the shareholders	down	59%	3,650,350	8,950,167
Dividends (distributions) (The Company does not propose to pay dividends)	N/A	N/A	Nil	Nil

COMMENTARY ON THE RESULTS FOR THE YEAR

Revenues from sales receipts increased during the year however overall revenues from ordinary activities decreased due to an R and D tax concession received in the current year being recognised as an amount payable. The R and D tax concession was recognised as revenue in the prior year comparison (see note 10). The loss from ordinary activities decreased compared to the prior year due to a reduction in expenses in most areas including employee and contracting expenses, directors fees and impairment provisions.

AUDIT

This report is based on accounts which are in the process of being audited.

NET TANGIBLE ASSET BACKING PER SHARE

	2019 (Cents)	2018 (Cents)
Net tangible asset backing per ordinary share	(0.02)	0.22

For personal use only

Xped Limited
Unaudited Consolidated Statement of Comprehensive Income
For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue and other income from continuing operations	3	2,237,347	3,433,002
Materials		(739,668)	(916,463)
Employee and contracting expenses		(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		(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		(30,905)	(353,896)
Impairment of other receivables		(900,000)	(750,000)
Impairment of development costs		-	(2,741,984)
Impairment of financial assets at fair value through profit or loss		-	(253,678)
Impairment of intangible assets		(58,526)	-
Foreign currency gain (loss)		(1,256)	3,201
Rehabilitation expense		69,204	(395,983)
Loss on sale of assets		(4,158)	(1,136)
Other expenses		(379,725)	(503,569)
		<u>(3,650,350)</u>	<u>(8,962,935)</u>
Income tax benefit		-	12,768
Loss from continuing operations		<u>(3,650,350)</u>	<u>(8,950,167)</u>
Loss from discontinued operations	17	(66,059)	(112,258)
Total loss for the year		<u>(3,716,409)</u>	<u>(9,062,425)</u>
Other comprehensive income		-	-
Total comprehensive income		<u>(3,716,409)</u>	<u>(9,062,425)</u>
Total comprehensive income attributable to:			
Owners of the parent		(3,716,409)	(9,058,493)
Non-controlling interests		-	(3,932)
		<u>(3,716,409)</u>	<u>(9,062,425)</u>
Total comprehensive income attributable to:			
Continuing operations		(3,650,350)	(8,950,167)
Discontinued operations	17	(66,059)	(112,258)
		<u>(3,716,409)</u>	<u>(9,062,425)</u>
Earnings per share for loss from continuing operation attributable to the shareholders of the company		Cents	Cents
Basic and diluted loss per share	16	(0.24)	(0.62)
Earnings per share for loss attributable to the shareholders of the company		Cents	Cents
Basic and diluted loss per share	16	(0.25)	(0.62)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Xped Limited
Unaudited Consolidated Statement of Financial Position
As at 30 June 2019

	Notes	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	4	1,405,831	2,372,208
Other financial assets	5	120,000	900,668
Trade and other receivables	6	115,836	403,879
Other current assets	7	124,489	183,786
Inventory	8	375,782	524,739
Total current assets		<u>2,141,938</u>	<u>4,385,280</u>
Non-current assets			
Other receivables	6	-	900,000
Plant and equipment		65,295	96,728
Intangible assets	9	-	58,527
Total non-current assets		<u>65,295</u>	<u>1,055,255</u>
TOTAL ASSETS		<u>2,207,233</u>	<u>5,440,535</u>
Current liabilities			
Trade and other payables	10	382,874	536,262
Borrowings	11	-	109,419
Provisions	12	252,783	850,421
Income in advance		-	333,742
Total current liabilities		<u>635,657</u>	<u>1,829,844</u>
Non-current liabilities			
Trade and other payables	10	1,634,607	-
Borrowings	11	224,880	226,456
Provisions	12	63,747	19,484
Total non-current liabilities		<u>1,923,234</u>	<u>245,940</u>
TOTAL LIABILITIES		<u>2,558,891</u>	<u>2,075,784</u>
NET ASSETS/(LIABILITIES)		<u>(351,658)</u>	<u>3,364,751</u>
EQUITY			
Contributed equity	13	26,891,949	26,891,949
Reserves	14	-	663,000
Accumulated losses	14	(27,243,607)	(24,214,472)
Owners of the parent		(351,658)	3,340,477
Non-controlling interests		-	24,274
TOTAL EQUITY		<u>(351,658)</u>	<u>3,364,751</u>

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

Xped Limited
Unaudited Consolidated Statement of Changes in Equity
For the year ended 30 June 2019

	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 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 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.

Xped Limited
Unaudited Consolidated Statement of Cash Flows
For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Customer receipts		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		(5,454,175)	(8,950,618)
Income tax refund		-	183,448
Net cash outflow from operating activities	15	<u>(1,632,076)</u>	<u>(4,795,735)</u>
Cash flows from investing activities			
Payments for plant and equipment		(3,974)	(54,577)
Proceeds from sale of plant and equipment		-	727
Payment for acquisition of subsidiaries net cash acquired		-	(500,000)
Payment for convertible notes		-	(350,000)
Net cash outflow from investing activities		<u>(3,974)</u>	<u>(903,850)</u>
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		<u>(110,995)</u>	<u>1,848,262</u>
Net decrease in cash and cash equivalents		(1,747,045)	(3,851,323)
Cash and cash equivalents at the beginning of the year		3,272,876	7,124,199
Cash and cash equivalents at the end of the year*	15	<u>1,525,831</u>	<u>3,272,876</u>

* 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 30 June 2019 the Group held, in addition to cash and cash equivalents, \$120,000 (2018: \$900,668) in term deposits. Refer to note 5.

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

1. Summary of significant accounting policies

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

(a) 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.

Historical cost convention

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

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

There are a number of new and amended accounting standards issued by the AASB which are applicable for reporting periods beginning on 1 July 2018. All the mandatory new and amended accounting standards issued that are relevant to our operations and effective for the current reporting period have been adopted. There was no material impact on the financial report as a result of the mandatory new and amended accounting standards adopted.

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. 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.

Xped Limited
Notes to the financial statements
For the year ended 30 June 2019

	2019	2018
	\$	\$
3. Revenue and other income		
Interest revenue	11,313	37,850
Sales receipts	2,178,732	1,243,339
R & D tax concession*	-	2,151,813
Grant revenue	47,302	-
	<u>2,237,347</u>	<u>3,433,002</u>

*The Company 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 under the R&D tax incentive were therefore not allowable and the full amount of the tax offset is potentially repayable by the Company.

The Company has therefore recognised an R&D payable. Refer to note 10 for further information.

4. Cash and cash equivalents		
Cash at bank and on hand	<u>1,405,831</u>	<u>2,372,208</u>

5. Other financial assets		
<i>Current</i>		
Term deposits	<u>120,000</u>	<u>900,668</u>

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

<i>Non-current</i>		
Financial asset at fair value through profit or loss	-	250,000
Impairment of financial asset at fair value through profit or loss	-	(250,000)
	<u>-</u>	<u>-</u>

6. Trade and other receivables		
<i>Current</i>		
Trade debtors	96,097	372,571
Accrued income	271	2,058
Other receivables	19,468	29,250
	<u>115,836</u>	<u>403,879</u>
<i>Non-current</i>		
Notes receivable	-	350,000
Impairment of notes receivable	-	(350,000)
Other receivables – K.S. Orka	1,300,000	1,300,000
Impairment of other receivables	(1,300,000)	(400,000)
	<u>-</u>	<u>900,000</u>

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

Non-current other receivables includes a receivable from K.S. Orka of \$1.3 million net of a provision for impairment of \$1,300,000. The carrying amount of the receivable from K.S. Orka is \$nil (30 June 2018: \$900,000). The \$900,000 impairment charge was recognised in profit or loss as 'impairment of other receivables'.

For personal use only

Xped Limited
Notes to the financial statements
For the year ended 30 June 2019

	2019	2018
	\$	\$
7. Other current assets		
Prepayments	124,489	183,786
8. Inventory		
Inventory	727,956	1,158,739
Provision for obsolescence	(352,174)	(634,000)
	<u>375,782</u>	<u>524,739</u>
9. Intangible assets		
<i>Patents and trademarks:</i>		
Cost	57,826	57,826
Provision for impairment	(57,826)	-
	<u>-</u>	<u>57,826</u>
<i>Formation costs:</i>		
Cost	700	701
Provision for impairment	(700)	-
	<u>-</u>	<u>701</u>
	<u>-</u>	<u>58,527</u>
10. Trade and other payables		
<i>Current</i>		
Trade payables	161,575	214,915
Accrued expenses	83,279	122,292
Other payables	138,020	199,055
	<u>382,874</u>	<u>536,262</u>
<i>Non-current</i>		
R&D payable	1,634,607	-
	<u>1,634,607</u>	<u>-</u>
Trade payables are unsecured, non-interest bearing and are generally due 30 days from the date of recognition. The R&D payable has been classified as a non-current liability as it is subject to a two year deferral period, which expires on 7 August 2021.		
11. Borrowings		
<i>Current</i>		
Insurance premium funding	-	109,419
	<u>-</u>	<u>109,419</u>
<i>Non-current</i>		
Loan – Bio SA	224,880	226,456
	<u>224,880</u>	<u>226,456</u>

For personal use only

Xped Limited
Notes to the financial statements
For the year ended 30 June 2019

	2019	2018
	\$	\$
12. Provisions		
<i>Current</i>		
Restoration and rehabilitation	52,000	700,000
Employee benefits	200,783	150,421
	<u>252,783</u>	<u>850,421</u>
<i>Non-current</i>		
Employee benefits	63,747	19,484
	<u>63,747</u>	<u>19,484</u>

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.

	2019	2018
	No.	No.
13. Contributed equity		
Ordinary shares – fully paid	1,506,830,774	1,506,830,774
	<u>1,506,830,774</u>	<u>1,506,830,774</u>

(a) Movements in equity

	No.	\$
Balance at 1 July 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 issue (iv)	-	568,678
Share issue expenses	-	(249,672)
Balance at 30 June 2018	<u>1,506,830,774</u>	<u>26,891,949</u>
Balance at 1 July 2018	1,506,830,774	26,891,949
Balance at 30 June 2019	<u>1,506,830,774</u>	<u>26,891,949</u>

(b) Share options

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

	2019	2018
	No.	No.
Listed options (XPEOC) (v)	-	127,254,564
	<u>-</u>	<u>127,254,564</u>

- (i) Shares issued on 4 July 2017 in accordance with the JCT Group acquisition agreement for consideration shares which were payable 12 months from the date of acquisition.
- (ii) Shares issued in private placement on 30 August 2017.
- (iii) Shares issued on 7 December 2017 for 5.5% 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 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 capital raising services.

For personal use only

Xped Limited
Notes to the financial statements
For the year ended 30 June 2019

	2019 \$	2018 \$
14. Reserves and accumulated losses		
(a) Reserves		
Share based payment reserve	-	663,000
	-	663,000
The movement in the share based payment reserve comprises:		
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
	-	663,000
(b) Accumulated losses		
Accumulated losses	(27,243,607)	(24,214,472)
	(27,243,607)	(24,214,472)
The movement in the accumulated losses comprises:		
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)
	(27,243,607)	(24,214,472)
15. Cash flow information		
<i>Reconciliation of cash and cash equivalents:</i>		
Cash at bank and on hand	1,405,831	2,372,208
Term deposits	120,000	900,668
Cash and cash equivalents per cash flow statement	1,525,831	3,272,876
	1,525,831	3,272,876
<i>Reconciliation of loss after income tax to net cash outflow from operating activities:</i>		
Loss for the year	(3,716,409)	(9,062,425)
<u>Non-cash items in profit or loss:</u>		
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	-
<u>Change in operating assets and liabilities:</u>		
(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)
	(1,632,076)	(4,795,735)

16. Earnings per share

	2019	2018
	Cents	Cents
(a) Basic and diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	(0.24)	(0.62)
Loss from discontinued operations attributable to the ordinary equity holders of the company	(0.01)	(0.00)
	(0.25)	(0.62)

	2019	2018
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator		
Number used in calculating basic and diluted earnings per share	1,506,830,774	1,450,775,034
	1,506,830,774	1,450,775,034

(c) Information concerning earnings per share:

Options granted are considered to be potential ordinary shares. However, as the group has incurred losses the potential ordinary shares are deemed to be anti-dilutive.

17. 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 represented 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)
Profit before tax from discontinued operations	(66,059)	(112,258)
Income tax expense	-	-
Profit 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)

For personal use only