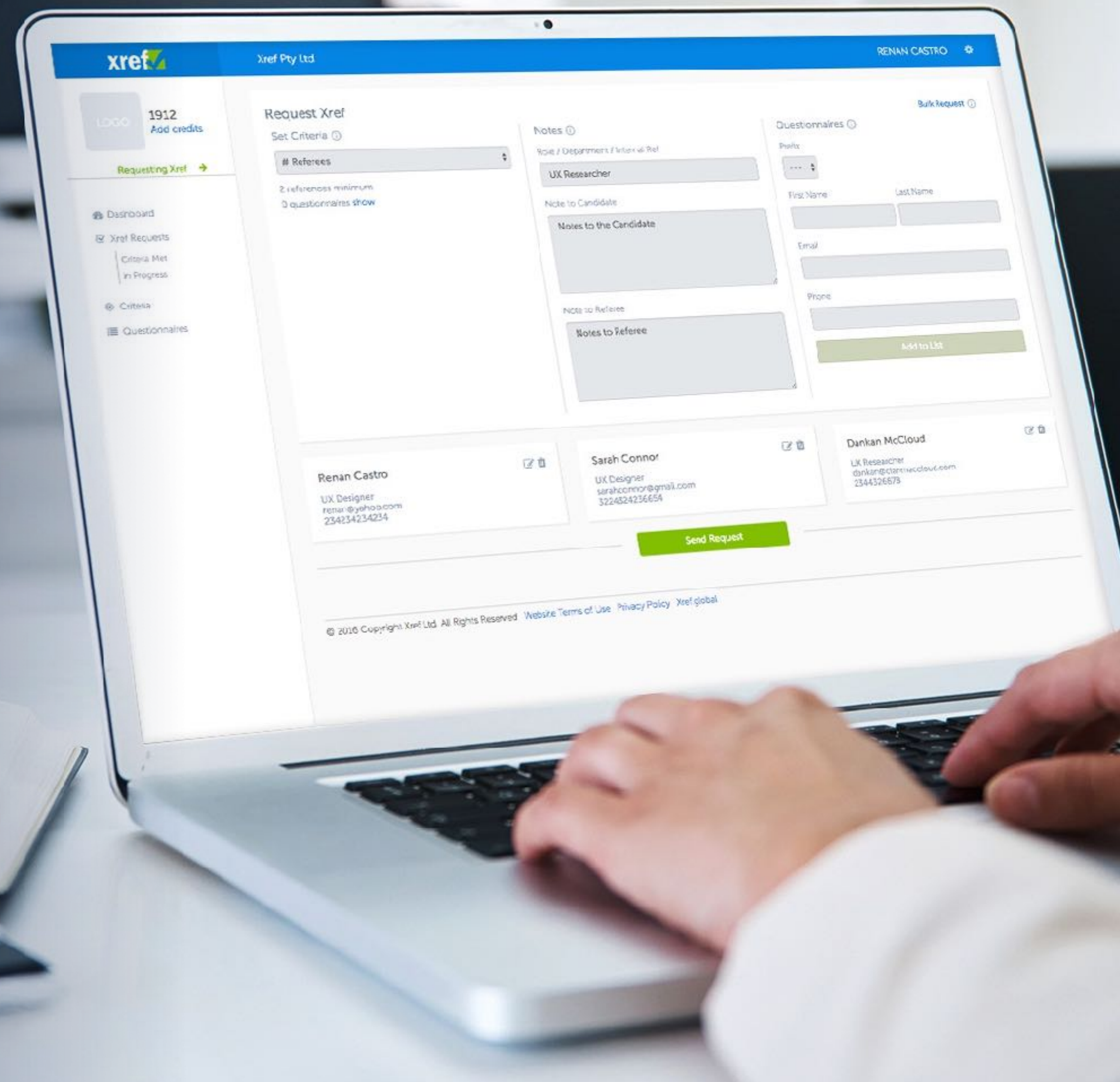


Today, 600 companies in 7 countries make better hiring decisions because of Xref.



Xref automates a business critical task, provides meaningful data and protects companies from fraud, discrimination and privacy breaches.



“ Our recruiters love Xref because of the ease, efficiency and thoroughness with which it allows them to do this very critical task.

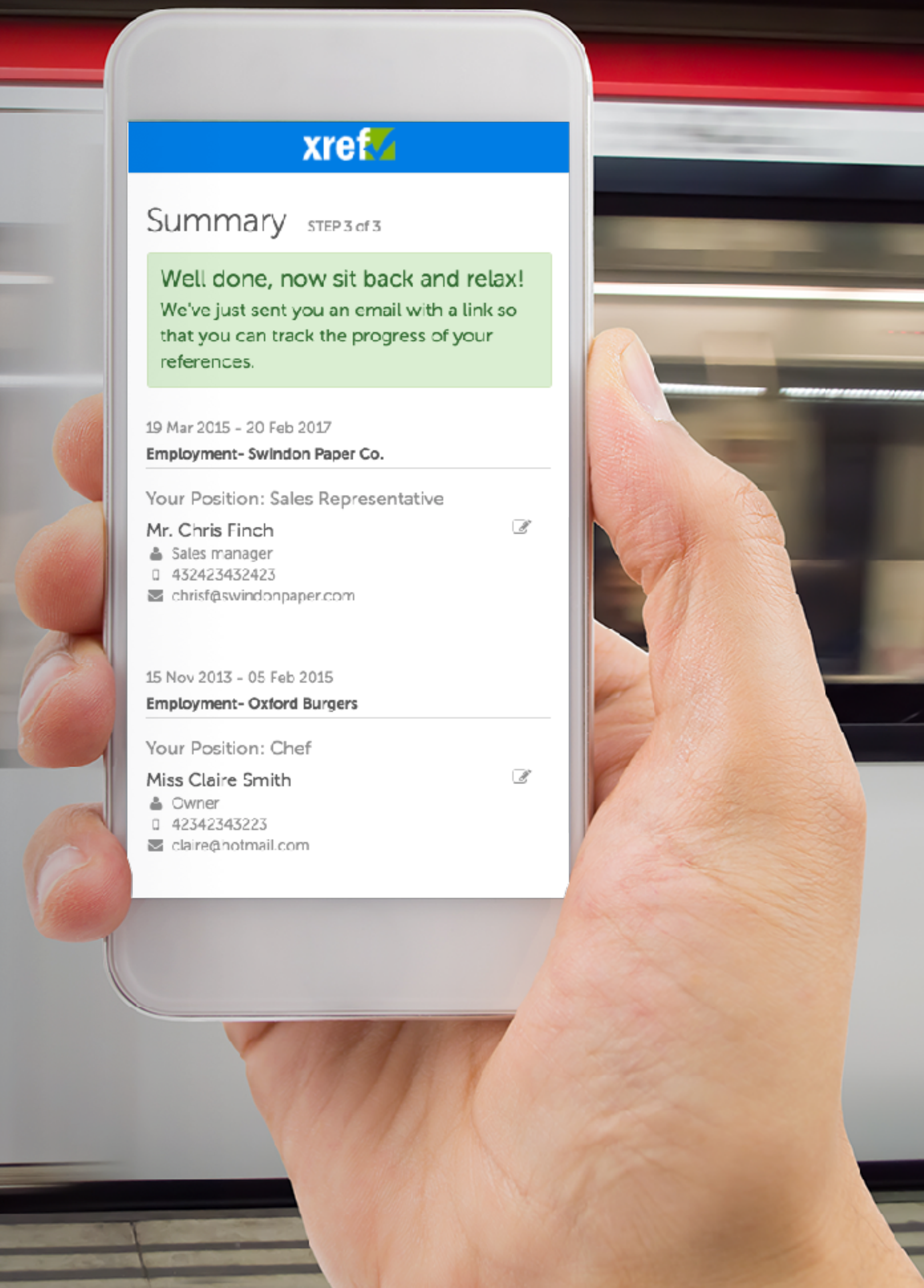
Kimberley Hubble - Global Head of RPO,
HUDSON



[SEE MORE TESTIMONIALS](#)

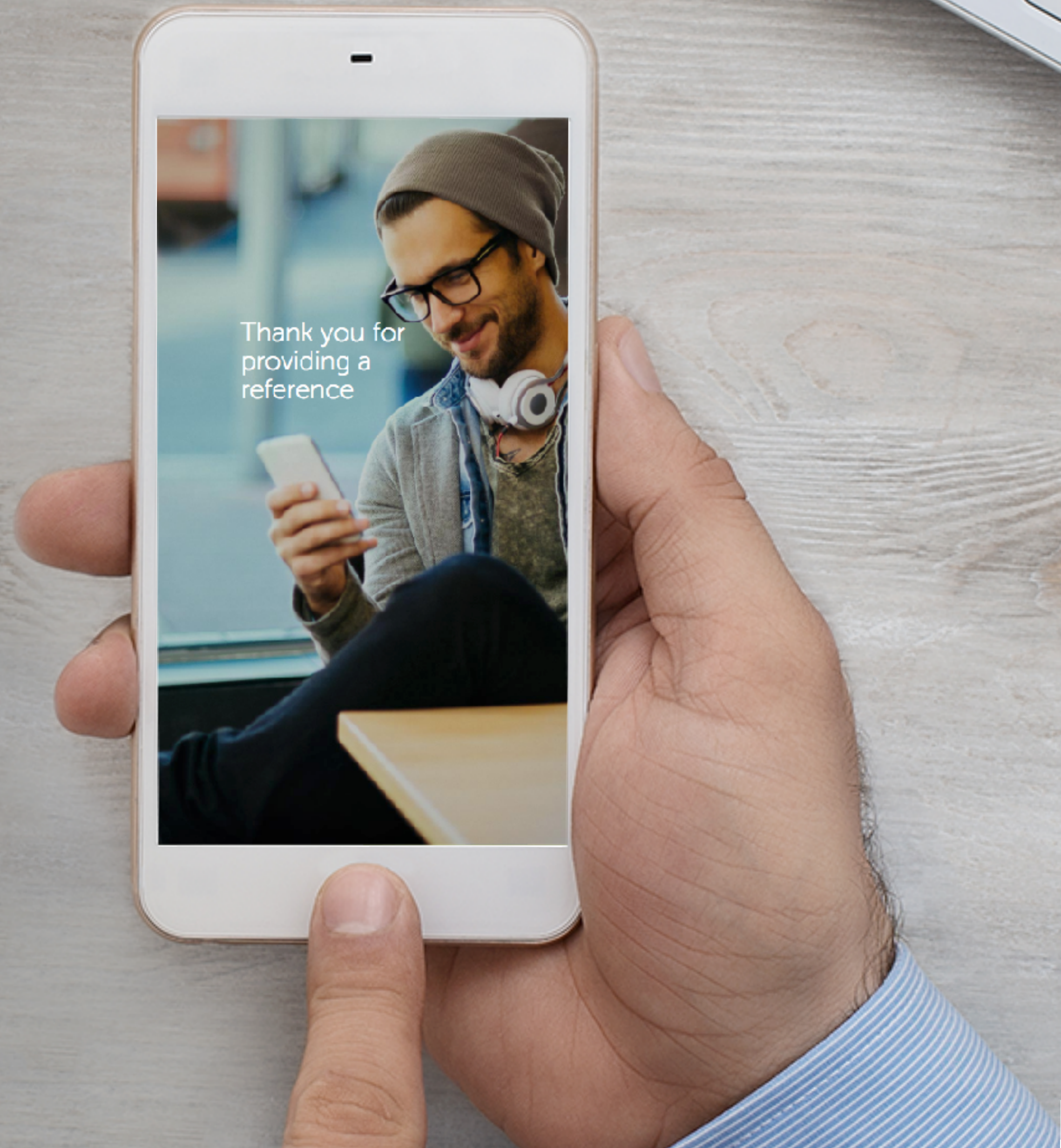


An unparalleled user
experience already enjoyed
by over 140,000 candidates
worldwide on any device...
and they love it.



**Over 280,000 referees
have provided feedback
- 50% out of business
hours and on mobile
devices.**

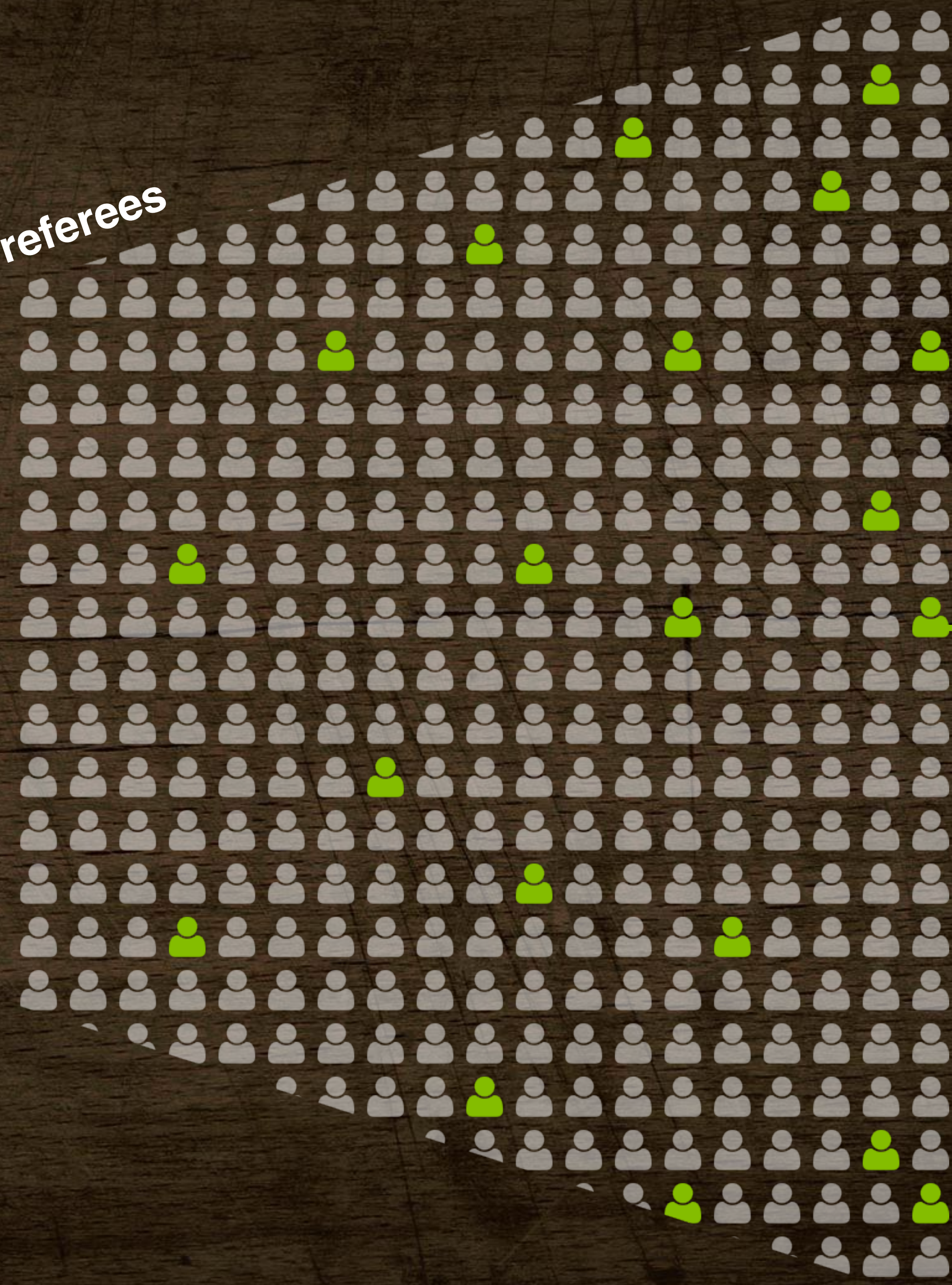
**Xref collects 60% more
data 5 times faster than
traditional methods.**



User (employers) candidates



referees



new employer

CREDIT SOLD
Unrecognised
Revenue
(cash received)

CREDIT USED
Recognised
Revenue



2014

AUSTRALASIAN USER BASE




15m

EMPLOYMENT MARKET

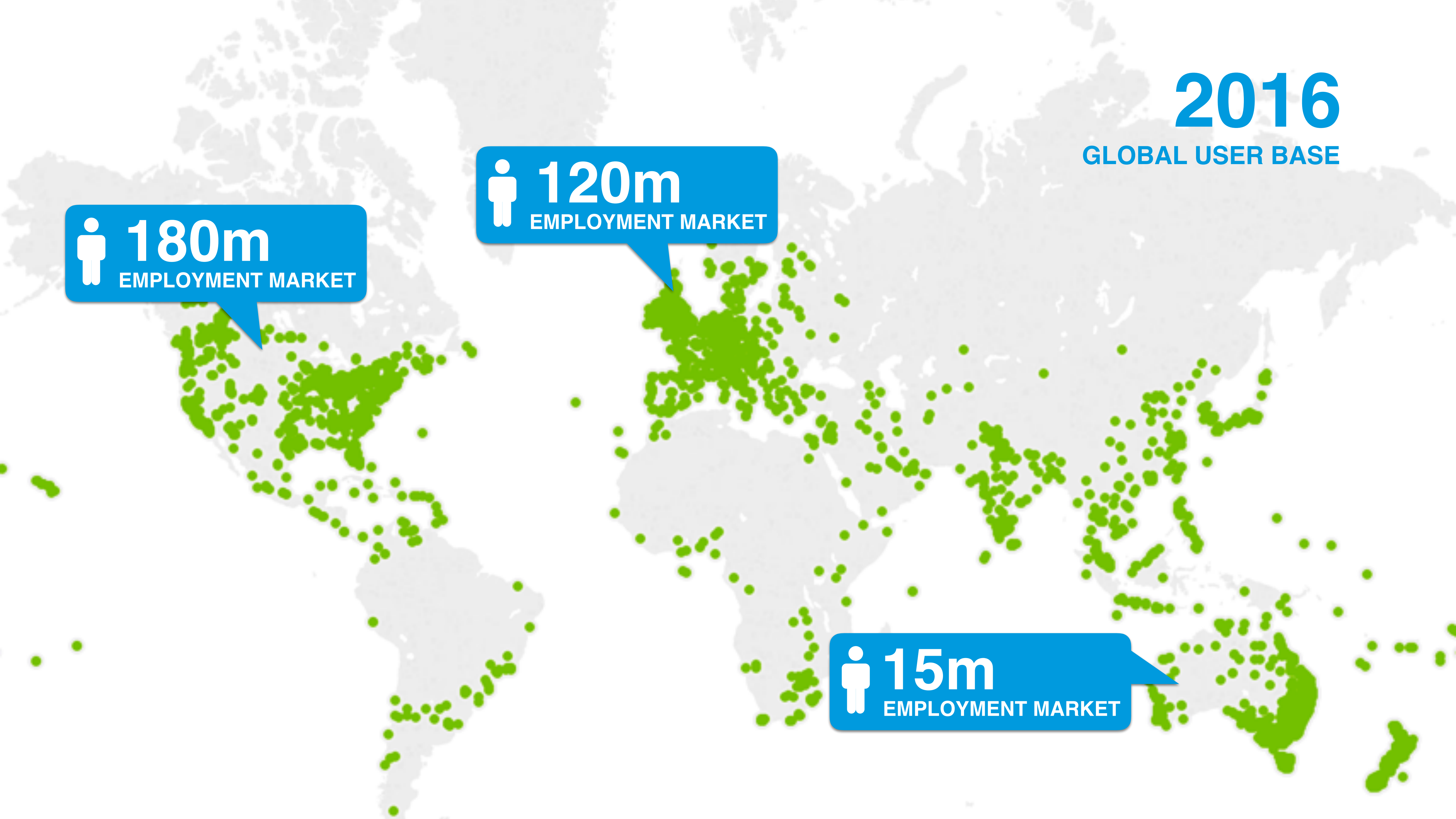
2016

GLOBAL USER BASE

 **180m**
EMPLOYMENT MARKET

 **120m**
EMPLOYMENT MARKET

 **15m**
EMPLOYMENT MARKET



FOCUS

- Create efficient sales channels.
- Drive usage with current clients.
- Leverage viral growth of our own platform.
- Build new product revenue streams.



We're investing for global scale.

SALES

Total credit sales growth*	+185%
Existing client growth*	+115%
Average credit sale price increase*	+20%

CUSTOMER SUCCESS

Credit usage growth*	+134%
Growth of pre FY16 customers*	+66%

Integration credits are 6% of all credits used

DEVELOPMENT

New enhancements & features	+723
Increase in development code	+330%
Integration Development	

MARKETING

615 social posts
85 blogs / whitepapers
25 events
53 media articles
Launched new website in 5 regions
21 campaigns

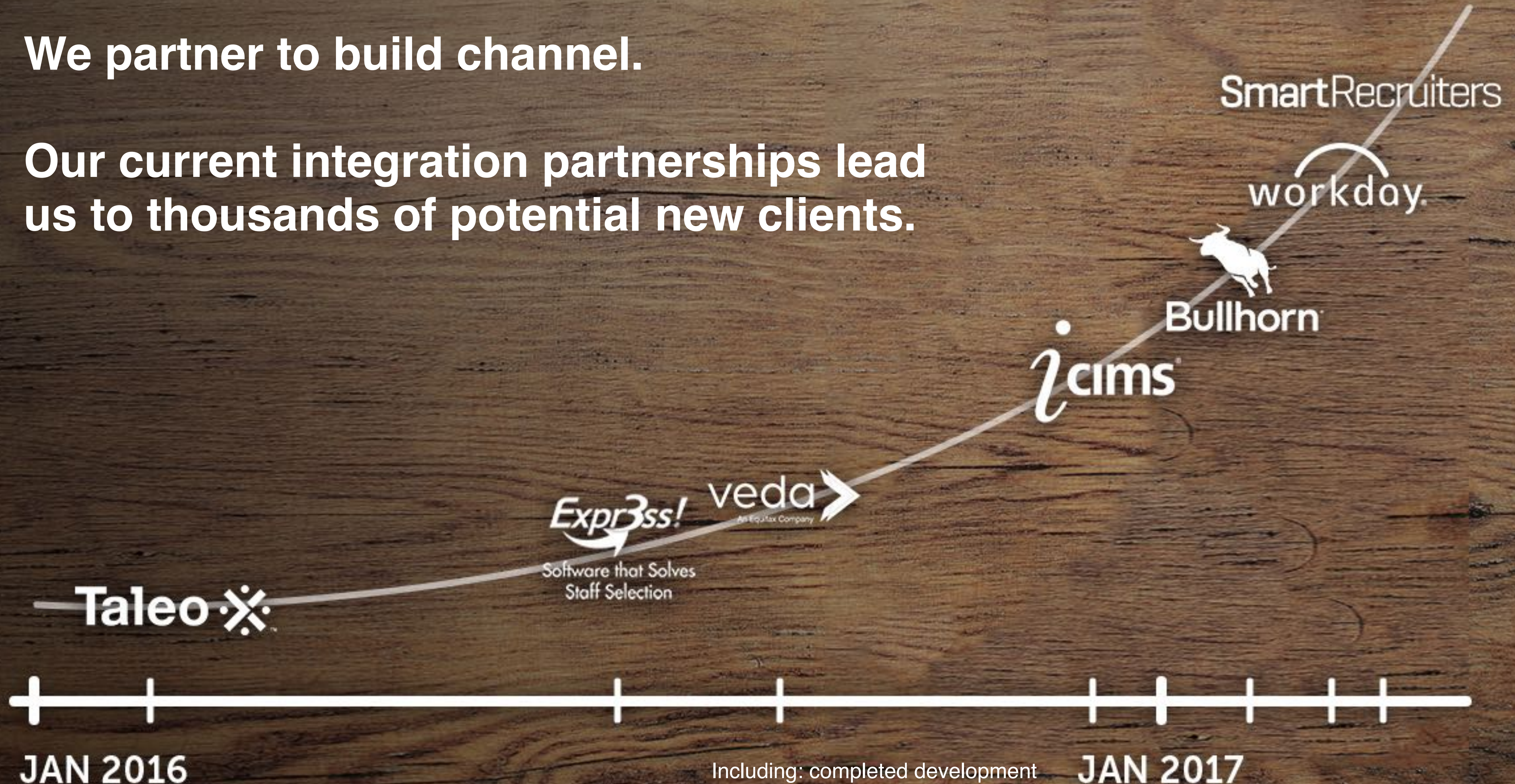
EXECUTIVE

Raised \$12m
Launched 2 regions
Appointed CFO
Appointed new Chairman &
Non-Executive Directors

*12 months to 31 December 2016, compared to previous corresponding period

We partner to build channel.

Our current integration partnerships lead us to thousands of potential new clients.





**We are proven.
We are built for scale.
We are well funded.
We are leading.
We have only just begun.**

We are xref 

And we're having fun...



xref.global/blog



xref.global/investor



[@tweet_xref](https://twitter.com/tweet_xref)

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Xref Limited
Interim Report

31 December

2016



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GENERAL INFORMATION

The financial statements cover Xref Limited as a consolidated entity consisting of Xref Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Xref Limited's functional and presentation currency.

Xref Limited is a listed public company limited by shares.

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2017.

Chief Executive Officer's & Chief Technology Officer's Report

CHIEF EXECUTIVE OFFICER'S & CHIEF TECHNOLOGY OFFICER'S REPORT



■ The group has demonstrated strong demand for its products. Having validated its business model and global potential, Xref is investing to capitalise on its significant growth opportunity and 'first mover' advantage.

Continued sales and revenue growth, in excess of 100% year on year has underpinned a strong first half year for Xref.

During this period, significant steps were taken to position the company for sustainable global growth. These included:

- Assembling a new board with the addition of business builder and entrepreneur, Brad Rosser, as non-executive Chairman and global professional recruitment group executive, Nigel Heap, as non-executive Director
- Completing of a successful \$8 million share placement
- Driving global expansion, including sales growth in Australia, New Zealand and the UK, and securing the group's first North American clients
- Strengthening the group's business through building sales, marketing and customer success teams, improving sales efficiency, client retention and increased credit usage

- Developing a global marketing plan including repositioning the Xref website and demonstrating client advocacy through testimonials
- Re-engineering core business platforms to allow specific country websites, richer mobile experience and multi-language capabilities
- Integration with organisations including Expr3ss! and Verify to broaden Xref's addressable market
- Launching a new candidate app to provide time-based referencing for the European market.

Global growth

Xref has developed a highly scalable platform and is investing to capitalise on its significant global opportunity. The company already serves clients in Australia and New Zealand, Europe, the Middle East and Africa, North America and Singapore. In 2016, Xref opened offices in the UK and North America targeting these large addressable markets.

More than 100 new clients began using Xref's platform during the half, which now assists more than 500 organisations across government, small- to medium-size businesses, human resources agencies, not-for-profit groups and others. About 51% of Xref clients are large enterprises.

The group's clients are strong advocates of Xref's platform, which has a 98% success rate – far higher than telephone or email based reference gathering – and provides 60% more data.

Xref has extended its services for clients, adding sales staff to drive new sales, and customer success teams to help clients to use Xref's platform. In the past 12 months, employee numbers have increased from 14 to 44, including five employees (and two board members) in London and four in Toronto.

Australia and New Zealand

The Australia and New Zealand business is used by hundreds of clients every day, with thousands of new candidates and referees every week providing data to Xref's platform. The size of Australia's and New Zealand's addressable market is about 12 million positions.

Significant new clients and renewals in Australia and New Zealand included Auckland Airport, Auckland Transport, Caltex, CSR, DFP Recruitment Agency, Fitness First, Goodman Fielder, Hamilton City Council, Hays, Holcim, Hudson, Krispy Kreme, KPMG, Linx Cargo Care Group, Lion Nathan, Opal Aged Care, News Corporation, NSW Department of Family and Community Services (FACS), Optus, Qantas, Roy Hill, Sunrice, Target, Transport for NSW and WPP AUNZ.

EMEA

The group's London office serves the Europe, Middle East and Africa (EMEA) region. The UK addressable market represents about 32 million positions, and new clients signed during the first half included Bytes Technology Group, Callidus Consulting, JCB (JC Bamford), Kuoni Group, Sue Ryder, The Salvation Army, Thwaites and TMP Worldwide. At 31 December 2016, the group supported 23 EMEA-based clients primarily in the UK.

North America

The Toronto office opened in May 2016, enabling entry into North America which has an addressable market of about 162 million positions, including around 18 million in Canada and 144 million in the US. During the half, Xref secured its first North American clients including Clarity, ES Fox, Miele, Revera, TravelEdge Group and WilsonCTS.

Integration

The Xref platform has been integrated with widely-used human resources technology platforms in order to broaden its addressable market cost-effectively. This allows the quick onboarding of clients without the need for a large sales team, and enables clients to access other human resources and recruitment services through Xref's platform easily.

Integration with the Oracle Taleo applicant tracking system, a leading enterprise human resources technology system for management of staff recruitment, has opened access for 6,000 of the world's largest companies to Xref's platform. This has opened up a new marketing channel, supporting Xref's globalisation strategy.

During the half Xref signed a pilot integration agreement with Verify, the employee verification and pre-screening business of Veda, the data analytics business, and the companies are in advanced negotiations regarding further business. A commercial partnership and integration with Expr3ss! has secured new clients and increased exposure to the small- to medium sized business market, which currently represents about 12% of Xref's business. These integrations are also joint ventures, enabling Xref to leverage its partner's credibility to enter new markets quickly.

New products

A new app developed for the European market has pioneered time-based candidate referencing, increasing Xref's UK sales. The app provides an overview of the candidate's experience across an extended time, helping employers to comply with changes to governance models. Regulation has restricted employers' ability to collect and use data, aiming to protect consumers and prevent discrimination.

Xref has increased its global technical infrastructure and development resources, adding global scale, continuous deployment, testing and security. The newer, re-engineered platform provides clients with a richer mobile experience in multiple languages.

Financial overview

Sales for the first half of FY2017 were \$1.55 million, up 185% from \$542,000 in the previous corresponding period. This included a record second quarter with sales of \$821,000.

Revenue was \$1.18 million for the first half, up 151% from \$470,000. This included revenue from international operations for the first time. The company recognises revenue after Xref credits are used, with unused credits reported as unearned income.

The group has demonstrated strong demand for its products. Having validated its business model and global potential, Xref is investing to capitalise on its significant growth opportunity and 'first mover' advantage. The first half result reflects this strategy, and the company reported a net loss of \$3.4 million.

In August 2016 Xref completed an \$8 million placement (before costs) to Australian institutions and sophisticated investors which closed oversubscribed. The funds will be used to accelerate global sales growth, facilitate product integrations and drive software development.

The company received an R&D refundable tax offset of \$482,000 in December 2016, and at 31 December 2016 held \$7.0 million cash and had no debt.

Revitalised board

Xref strengthened its board in August 2016, appointing Brad Rosser as non-executive Chairman and Nigel Heap as a non-executive Director.

Mr Rosser is a business builder and entrepreneur who worked for McKinsey and Co from 1992 to 1995 before working directly for Richard Branson as Director of Corporate Development for Virgin from 1995 to 1999, helping to identify and implement start-up businesses. After leaving Virgin, he worked for several successful start-ups as well as helping to set up Unilever Ventures, Unilever's incubation arm in the UK. In 2008, he founded the BSF Group, an organisation that helps start-ups to secure funding, launch successfully, and then grow profitably. He holds an MBA (with distinction) from Cornell University's Johnson Graduate School of Management and a Bachelor of Commerce (First Class Honours) from the University of Western Australia.

Mr Heap is the UK and Ireland Managing Director of Hays plc, the leading global professional recruitment group; he is Chairman of its Asia Pacific business, and a member of the group's management board. He joined Hays in 1988 and over the last 19 years has successfully led the growth of the Asia-Pacific business. He has completed INSEAD's Advanced Management Program and holds a Bachelor of Laws from Manchester University.

Outlook

The group has a sales growth rate exceeding 100% year-on-year and expects to maintain this dynamic growth trajectory. Having positioned the company for growth in 2016, Xref has transitioned to focus on building scale.

Immediate priorities include increasing sales in the regions in which Xref operates and new regions, with a focus on regional financial sustainability, and the company anticipates strong international growth.

The group continues to focus on developing the capabilities of its global platform, and has ten integration programs under way. These provide efficient sales channels which also offer clients an enhanced digital human resources experience.

Xref continues to explore partnerships with human resources organisations to assist growth in new markets. The company is also investing in research and development to increase business process efficiency, create human resources data and analytics products, and develop new revenue streams.



Lee-Martin Seymour,
Chief Executive Officer,
Co-Founder



Tim Griffiths,
Chief Technical Officer,
Co-Founder



Directors' Report

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Xref Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

Directors

The following persons were directors of Xref Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Brad Rosser, Chairman (appointed 18 August 2016)
Timothy Mahony
Nigel Heap (appointed 18 August 2016)
Lee-Martin Seymour
Timothy Griffiths
Simon O'Loughlin (resigned 18 August 2016)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of software development for the HR industry.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$3,608,056 (31 December 2015: \$619,061).

The group has demonstrated strong demand for its products. Having validated its business model and global potential, Xref is investing to capitalise on its significant growth opportunity and 'first mover' advantage. Continued investment in the platform as well as in existing and new markets are reflected in the company's net reported loss from ordinary activities of \$3.4 million.

Sales growth globally continued, up 185% when compared to the corresponding period. This included a record second quarter with sales of \$821,000.

In August 2016 Xref completed an \$8 million placement (before costs) to Australian institutions and sophisticated investors which closed oversubscribed. The funds are being and will continue to be used to accelerate global sales growth, facilitate product integrations and drive software development.

The company received an R&D refundable tax offset of \$482,000 in December 2016, and at 31 December 2016 held \$7.0 million cash and had no debt.

Xref has developed a highly scalable platform and is investing to capitalise on its significant global opportunity. The company already serves clients in Australia and New Zealand, Europe, the Middle East and Africa, North America and Singapore. In early 2016, Xref opened offices in the UK and North America targeting these large addressable markets.

More than 100 new clients began using Xref's platform during the half year, which now assists more than 500 organisations across government, small- to medium-size businesses, human resources agencies, not-for-profit groups and others. Over 50% of Xref clients are large enterprises.

The Xref platform has been integrated with widely-used human resources technology platforms in order to broaden its addressable market cost-effectively. This allows the quick onboarding of clients without the need for a large sales team, and enables clients to access other human resources and recruitment services through Xref's platform easily.

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

This report is made in accordance with a resolution of directors, pursuant to the Companies Act 1993.

On behalf of the directors



Lee-Martin Seymour,
Director

27 February 2017
Sydney, Australia

Financial Statements

Statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2016			
	Note	Condolitated 31 December 2016 Unaudited	31 December 2015 Unaudited
Revenue			
Sales – Credits Sold in the Current Year		1,546,740	541,554
Less adjustments for Unearned Revenue	12	(369,483)	(71,817)
Revenue		<u>1,177,257</u>	<u>469,737</u>
Expenses			
Employee expenses		2,392,473	534,510
Overheads and administration expenses	7	2,195,483	551,633
Depreciation and amortisation expense	10	19,310	4,139
Total Expenses		<u>4,607,266</u>	<u>1,090,282</u>
Operating loss		<u>(3,430,009)</u>	<u>(620,545)</u>
Other income	6	22,920	1,484
Profit / (loss) before income tax from continuing activities		<u>(3,407,089)</u>	<u>(619,061)</u>
Income Tax Expense		-	-
Loss from Continuing Operations attributable to the Owners of the Company		<u>(3,407,089)</u>	<u>(619,061)</u>
Discontinued Operations			
Exploration Asset Maintenance Expenses	5	(967)	-
Other Expenses	5	<u>(200,000)</u>	
Loss attributable to the Owners of the Company		<u>(3,608,056)</u>	<u>(619,061)</u>
Other Comprehensive Income			
Currency Translation Differences		<u>23,641</u>	<u>-</u>
Total comprehensive income/(loss) for the half-year		<u>(3,584,415)</u>	<u>(619,061)</u>

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

Statement of profit or loss and other comprehensive income (continued)

	Note	Condolitated 31 December 2016 \$/share Unaudited (cents)	31 December 2015 \$/share Unaudited (dollars)
Loss per share from continuing and discontinuing operations			
Basic loss per share	15	3.65 cents	(6,190.61)
Diluted loss per share	15	3.65 cents	(6,190.61)
Loss per share from continuing operations			
Basic loss per share	15	3.45 cents	(6,190.61)
Diluted loss per share	15	3.45 cents	(6,190.61)
Loss per share from discontinuing operations			
Basic loss per share	15	0.20 cents	(0.00)
Diluted loss per share	15	0.20 cents	(0.00)

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

Statement of financial position

As at 31 December 2016		Consolidated	
	Note	31 December 2016 Unaudited	30 June 2016 Audited
Assets			
Current assets			
Cash and cash equivalents	8	6,994,625	2,270,832
Trade and other receivables	9	571,829	944,060
Prepayments		150,206	52,132
Assets of disposal group classified as held for sale	5	333,814	333,814
Total current assets		8,050,474	3,600,838
Non-current assets			
Property, plant and equipment	10	189,817	139,944
Rental Prepayments		97,850	48,467
Total non-current assets		287,667	188,411
Total assets		8,338,141	3,789,249
Liabilities			
Current liabilities			
Trade and other payables	11	658,042	530,929
Employee Entitlements		146,007	62,922
Superannuation payable		80,046	57,679
Rent Incentives		12,785	21,470
Liabilities included in disposal group classified as held for sale	5	333,812	333,812
Total current liabilities		1,230,692	1,006,812
Non-current liabilities			
Unearned Revenue	12	1,272,851	903,566
Rent Incentives		44,615	44,615
Total non-current liabilities		1,317,466	948,181
Total liabilities		2,548,158	1,954,993
Net assets		5,789,983	1,834,256
Shareholders' Funds			
Share Capital	13	32,502,977	25,042,977
Other Equity Reserves	14	(22,086,116)	(22,097,739)
Retained earnings		(4,626,878)	(1,110,982)
Total Funds Employed		5,789,983	1,834,256

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

Statement of changes in equity (unaudited)

For the half-year ended 31 December 2016		Share Capital	Share Options	Foreign Currency Translation Reserve	Accumulated Loss	Performance Rights	Consolidation Reserve	Total Shareholder Funds
Balance at 1 July 2016		25,042,977	297,802	16,947	(1,110,982)	433,333	(22,845,821)	1,834,256
Comprehensive Income								
Loss for 6 months ending 31 December		-	-	-	(3,608,056)	-	-	(3,608,056)
Other Comprehensive Income								
Currency Translation Differences		-	-	23,641	-	-	-	23,641
Total Comprehensive Income for the 6 Months		-	-	23,641	(3,608,056)	-	-	(3,584,415)
Other Transactions with owners:								
Shares Issued	13	8,000,000	-	-	-	-	-	8,000,000
Capital Raising Costs	13	(540,000)	-	-	-	-	-	(540,000)
Options Issued	14c	-	80,142	-	-	-	-	80,142
Options expired	14c	-	(92,160)	-	92,160	-	-	-
Total transactions with Owners		7,460,000	(12,018)	-	92,160	-	-	7,540,142
Balance at 31 December 2016 (unaudited)		32,502,977	285,784	40,588	(4,626,878)	433,333	(22,845,821)	5,789,983

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

Statement of changes in equity (unaudited) (continued)

For the half-year ended 31 December 2015	Note	Share Capital	Share Options	Foreign Currency Translation Reserve	Accumulated Loss	Performance Rights	Consolidation Reserve	Total Shareholder Funds
Balance at 1 July 2015		100	-	-	(427,889)	-	-	(427,789)
Prior Period Adjustment		-	-	-	164,503	-	-	164,503
Restated Opening Equity		100	-	-	(263,386)	-	-	(263,286)
Comprehensive Income								
Loss for 6 months ending 31 December		-	-	-	(619,061)	-	-	(619,061)
Total Comprehensive Income for the 6 Months		-	-	-	(619,061)	-	-	(619,061)
Other Transactions with owners:								
Convertible Notes Issued		550,000	-	-	-	-	-	550,000
Capital Raising Costs		(33,000)	-	-	-	-	-	(33,000)
Total transactions with Owners		517,000	-	-	-	-	-	517,000
Balance at 31 December 2015 (unaudited)		517,100	-	-	(882,447)	-	-	(365,347)

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

Statement of cash flows

	Note	Consolidated 31 December 2016 Unaudited	31 December 2015 Unaudited
Cash flows from operating activities			
Receipts from customers		1,443,704	590,964
Payments to suppliers and employees		(4,791,253)	(1,016,856)
		(3,347,549)	(425,892)
Interest received		24,255	1,462
Other revenue		-	22
Research & Development – Refundable Tax Offset		655,717	-
Income taxes paid		1,587	-
Net cash from operating activities	16	(2,665,990)	(424,408)
Cash flows from investing activities			
Payments for property, plant and equipment		(69,783)	(41,334)
Proceeds from disposal of property, plant and equipment		273	-
Net cash used in investing activities		(69,510)	(41,334)
Cash flows from financing activities			
Proceeds from issue of convertible notes		-	550,000
Proceeds from issue of ordinary shares		8,000,000	-
Payments for Share Raising expenses		(540,000)	(33,000)
Net cash used in financing activities		7,460,000	517,000
Net increase/(decrease) in cash and cash equivalents		4,724,500	51,258
Cash and cash equivalents at the beginning of the financial half-year		2,270,832	81,076
Effects of exchange rate changes on cash and cash equivalents		(707)	(1,097)
Cash and cash equivalents at the end of the financial half-year		6,994,625	131,237
Represented by:			
Cash and Cash at Bank		6,924,118	96,587
Short Term Dank deposits		70,507	34,650
Cash at End of Period	8	6,994,625	131,237

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

Notes to the Financial Statements

Note 1. Reporting entity

XREF Limited previously named King Solomon Mines Limited ('the Company') is a limited liability company incorporated on 28 January 2003 and domiciled in New Zealand. The address of its registered office is 242 Marine Parade, Otaki Beach, Otaki, 5512.

The Company and its subsidiary (together 'the Group') were incorporated with the purpose of exploring and developing gold, copper and other metallic deposits in China and are profit oriented entities.

The Company ceased exploration activities in March 2013 as the Group and the Company were no longer deemed to be a going concern. Since that time, the Group sought to rationalise core assets and raise further share capital to maximise shareholder value.

The Directors actively assessed options available in and out of China to maximise shareholder value and on 18th January 2016 acquired Xref Pty Ltd after which the company changed its name to Xref Ltd.

Xref Pty Ltd is a human resources technology company that automates the candidate reference process for employers.

The financial statements cover Xref Limited as a consolidated entity consisting of Xref Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Xref Limited's functional and presentation currency.

These consolidated financial statements were authorised for issue by the Board of Directors on 27 February 2017.

Note 2. Basis of preparation

The condensed consolidated financial statements of the Group have been prepared in accordance with IAS 34 and NZ IAS 34 which deal with Interim Financial Reporting, and follow Generally Accepted Accounting Practice in New Zealand. The consolidated financial statements of the Group comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") interpretations and other applicable Financial Reporting Standards. They are in compliance with International Financial Reporting Standards. The consolidated financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and Financial Reporting Act 2013 and have been prepared under the historical cost convention.

Note 3. Summary of significant accounting policies

The half yearly financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing activities of the Group as the full financial report. Accordingly, this report should be read in conjunction with the Annual Financial Report of Xref Limited for the year ended 30 June 2016.

The principal accounting policies applied in the preparation of these condensed consolidated financial statements of the Group are consistent with those of the previous financial year.

The Group has not adopted any new or amended NZ IFRS, interpretations and other applicable Financial Reporting Standards that are not yet mandatory.

Note 4. Segment reporting

There is only one operating segment (candidate referencing) for the six months ended 31 December 2016. The disclosures on the face of the statement of comprehensive income to operating loss and the statement of financial position (excluding the items designated for sale) represent the Group's one business segment.

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$	\$
Revenue from external customers		
Australia	1,164,475	469,737
Canada	2,189	-
United Kingdom	10,593	-
Total operating revenue	<u>1,177,257</u>	<u>469,737</u>
Non-current operating assets		
Australia	188,997	
Canada	62,128	
United Kingdom	36,542	
Total non-current operating assets	<u>287,667</u>	

Note 5. Non-current assets held for sale and discontinued operations

The assets and liabilities related to Inner Mongolia Plate Mining Co Limited have been presented as held for sale following the acquisition by Xref Pty Ltd.

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$	\$
Cash flows associated with discontinued operations		
Operating cash flows – exploration asset maintenance expenses	(967)	-
Total cash flows from discontinued operations	(967)	-
Other expenses of discontinued operations		
GST repayable to New Zealand IRD (including interest)***	200,000	
Net assets of disposal group classified as held for sale		
Exploration and evaluation assets	240,000	-
Other assets	93,814	-
Total assets	333,814	-
Liabilities		
Trade creditors and other payables	333,812	-
Total liabilities	333,812	-
Net assets of disposal group	<u>2</u>	<u>-</u>

The assets and liabilities of the discontinued operations are classified as held-for-sale and were written down to their fair value less costs to sell.

The measurement of fair value has been determined by using observable inputs, being the selling price agreed between the buyer and the company and is therefore within level 2 of the fair value hierarchy. The buyer is a related party of the company. The disposal has not been completed.

***On Feb 10th 2017 the company received notification from the New Zealand IRD that it had determined that the old business of Xref Limited (being the mining operations of King Solomon Mines) had not been carrying on a taxable activity in New Zealand and thus was not entitled to claim GST as it had done. At the time of preparing this half year report the management of Xref Limited are investigating the claims as it was not an issue uncovered during the due diligence process.

Before receiving the New Zealand IRD letter dated Feb 10th 2017, the facts and circumstances pertaining to Xref Limited’s GST claim did not lead to a conclusion that it is more likely than not Xref Limited’s GST claim was not valid and that a reversal of the GST claimed was required. Without further facts and evidence available to management other than the New Zealand IRD’s request for a reversal of the GST claimed as at the period end, a liability is considered appropriate to be recognised in this report.

The corresponding liability is included in “Trade & Other Payables, Note 11”. The GST component is \$157,036 (in \$AUD) and the balance estimated interest charges.

Note 6. Other income

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$	\$
Interest Received	22,920	1,462
Other Income	-	22
Total	22,920	1,484

Note 7. Overhead and administration

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$	\$
Directors Fees	55,868	50,000
Legal Fees	124,178	57,235
Share Option Expense	80,142	-
Foreign exchange loss	9,233	1,097
Operating lease payments	265,251	48,884
Loss on disposal of fixed assets	232	-
Auditors’ remuneration		
Fees charged by Audit Firm		
Financial statement audit	61,072	8,500
Total fees paid to audit firm	61,072	8,500

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Cash at bank and in hand	6,924,138	2,200,335
Call deposits	70,507	70,507
Bank overdrafts	(20)	(10)
Total cash and cash equivalents	6,994,625	2,270,832

The carrying amount of cash and cash equivalents approximates their fair value.

The Parent has arranged a legal right of set off between its bank trading account, call deposit accounts, and its bank overdraft. Bank overdrafts are repayable on demand and form an integral part of an entity’s cash management. Accordingly, these balances have been netted in the Statements of Financial Position.

Cash at bank earns interest at floating rates on daily deposit balances.

Note 9. Trade debtors and other receivables

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Trade debtors	506,584	220,114
Related party receivables	5,995	25,995
Research and development incentive grant	-	655,717
Other receivables	59,250	42,234
Total	571,829	944,060

Trade debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms. Therefore, the carrying value of trade debtors and other receivables approximates its fair value.

All receivables are subject to credit risk exposure.

Note 10. Non-current assets - property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

Group 31 December 2016	Computer Equipment \$	Office Equipment \$	Office Furniture \$	Office Fitout \$	Total \$
Gross carrying amount					
Balance as at 1 July 2016	30,114	96,499	22,979	10,941	160,533
Additions	55,866	2,571	10,003	1,343	69,783
Disposals	-	(566)	-	-	(566)
Revaluation movements	(8)	(59)	(38)	-	(105)
Closing balance	85,972	98,445	32,944	12,284	229,645
Accumulated depreciation and impairment					
Balance as at 1 July 2016	3,938	15,909	486	256	20,589
Current year depreciation	9,247	8,500	1,032	531	19,310
Depreciation written back on disposal	-	(61)	-	-	(61)
Revaluation movements	(2)	(5)	(3)	-	(10)
Closing balance	13,183	24,343	1,515	787	39,828
Balance at 31 December 2016	72,789	74,102	31,429	11,497	189,817

Note 11. Trade creditors and other payables

	Consolidated	
	31 Dec 2016 \$	30 Jun 2016 \$
Current		
Trade creditors	249,810	291,904
Related party payables	-	8,491
Other payables and accrued expenses	408,232	230,534
Total	658,042	530,929

Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms; therefore their carrying amount approximates their fair value.

Note 12. Unearned revenue

	Consolidated 31 Dec 2016 \$	30 Jun 2016 \$
Balance Brought Forward	903,566	482,316
Add: Credits Sold	1,546,740	1,734,426
Add: Opening Conditional Credits	205,132	83,949
Less: Credit Used	(923,794)	(1,191,993)
Less: Closing Conditional Credits	(458,595)	(205,132)
Unearned Revenue Movement	369,483	421,250
Opening Balance Revaluation due to change in foreign exchange rates	(198)	-
Balance Carried Forward	1,272,851	903,566

Note 13. Share capital – Xref Limited

	Number Of Shares	Issue Price \$	Average Issue Price \$/Share
Opening Balance 1 July 2016	90,273,668	25,042,977	0.277
Issued for Cash	11,428,571	8,000,000	0.700
Capital Raising Costs	-	(540,000)	-
Closing Balance 31 December 2016	101,702,239	32,502,977	0.320

Explanation of movements in Issued Capital for 6 months ended 31 December 2016

Xref issued 11,428,571 shares at \$0.70 (being a 5.4% discount to the market price at the time) to Australian institutions and sophisticated investors on 17 August 2016 with the aim of accelerating global sales growth, facilitating product integrations, driving software development and providing further working capital for the Group's operations.

All issued shares are fully paid and do not have a par value. The holders of ordinary shares have equal voting rights and share equally in any dividend distribution and any surplus on winding up of the Parent.

None of Xref Limited's shares are held by any company within the Group.

Note 14. Other equity reserves

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Foreign Currency Translation Reserve (a)	40,588	16,947
Performance Right Reserve (b)	433,333	433,333
Share Options (c)	285,784	297,802
Consolidation (d)	(22,845,821)	(22,845,821)
Total	(22,086,116)	(22,097,739)

a. Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries for consolidation purposes. It is also used to record gains and losses on hedges of the net investments in foreign operations.

b. Performance right reserve

The performance right reserve is used to record unutilised performance rights issued on 18 January 2016 as part of the consideration obtaining 100% equity interest in Xref Pty Ltd. Performance Rights operate as an equity-settled, share based compensation plan. When rights are realised, the balance less any attributable transaction costs will be transferred to issued capital. If rights are not used, they would be offset against the consolidation reserve.

The 50,000,000 performance rights as at 31 December 2016 and 30 June 2016 are split into 3 Classes as shown below:

Class	Number Granted	Performance Right Reserve \$A	Weighted Average Fair Value \$/Right
Class A	16,666,667	350,000	0.021
Class B	16,666,667	83,333	0.005
Class C	16,666,666	-	0.000
	<u>50,000,000</u>	<u>433,333</u>	<u>0.009</u>

Class A Conversion Event

Upon the Group, during any six month reporting period of the company that ends on or prior to 30 months after the date of issue of the rights, achieving Sales Revenue of \$A2,500,000 or more.

Class B Conversion Event

Upon the Company achieving a 20 day Volume Weighted Average Market Price of the shares equal to or greater than \$0.50 within two years after the date of issue of the rights and a minimum sale in the UK of either 1000 credits or £25,000 (whichever comes first).

Class C Conversion Event

Upon the Group, during any six month reporting period of the Company that ends on or prior to five years after the date of issue of the rights, achieving EBITDA of \$A2,500,000 or more.

The conversion ratio of the Performance Rights into ordinary shares upon achievement of a relevant Performance Milestone is one ordinary share for each Performance Right. They are in escrow until 8 February 2018.

All rights may be converted immediately in the event of a change of control event.

The weighted average contractual life of the outstanding performance rights is 2.22 Years.

c. Share option reserve

Unaudited Group at 31 December 2016				Audited Group at 30 June 2016	
Expiry date	Average exercise price in \$A per share	Options	Option Reserve \$A	Options	Option Reserve \$A
29 July 2016	*	6.00	-	32,000	92,160
1 February 2019	*	0.23	4,508,909	213,292	205,642
25 November 2021	*	0.70	5,400,000	-	-
25 November 2022	*	0.70	2,500,000	-	-
		0.53	12,408,909	-	297,802

*No participation in future dividends until exercised

Option Movements

As approved at the 25th November 2016 AGM, 7,900,000 options were issued to 2 directors of the company as a key component of their remuneration by the company (split by 2 expiry dates) and 300,000 of these have vested.

Options issued in the 6 months ended 31 December 2016 have been valued using a binomial options method, using the following assumptions:

Option Expiry date	25/11/2021	25/11/2022
Listing date (re-listing as Xref Limited)	9/02/2016	9/02/2016
Price history for volatility determination	2.47yr	5.00yr
Grant date	25/11/2016	25/11/2016
Measurement date	25/11/2016	25/11/2016
Exercise price	\$0.70	\$0.70
Expiry date	25/11/2021	25/11/2022
Life of option	5.00 yr	6.00 yr
Price of underlying shares at measurement date	\$0.47	\$0.47
Risk free rate = 5 year Government Bond for the 5 year options and 10 year Government Bond for the 6 year options	2.19%	2.7%
Expected volatility	40%	40%
Dividends expected on the shares	Nil	Nil

Options Vested and therefore exercisable

	6 Months Unaudited Group at 31 December 2016	Audited Group at 30 June 2016
Expiry date	Options	Options
29 July 2016	-	32,000
1 February 2019	3,908,909	3,908,909
25 November 2021	300,000	-
	<u>4,208,909</u>	<u>3,940,909</u>

d. Consolidation Reserve

The reserve was formed on the reverse acquisition of assets and liabilities of King Solomon Mines Limited by Xref Pty Limited which brought the share capital of Xref Pty Limited to the share capital of King Solomon Mines Limited immediately after the reverse acquisition.

Note 15. Earnings per Share

The Group recorded losses for the periods ended 31 December 2015 and 31 December 2016. Diluted earnings per share has not been calculated because the effect of including the share options in the calculation would be anti-dilutive. Hence the diluted earnings per share is the same as the basic earnings per share.

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$	\$
Loss attributable to ordinary equity		
Continuing operations	(3,407,089)	(619,061)
Discontinued operations	(200,967)	-
Loss attributable to ordinary equity holders of the parent for basic earnings	<u>(3,608,056)</u>	<u>(619,061)</u>
Weighted average number of ordinary shares for basic EPS	98,720,873	100
Weighted average number of ordinary shares adjusted for the effect of dilution	<u>98,720,873</u>	<u>100</u>

Note 16. Reconciliation of cash flows from operating activities

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$	\$
Loss for the year	(3,608,056)	(619,061)
Add/(deduct) non-cash items		
Depreciation, impairment and amortisation	19,310	4,139
Option expense	80,142	-
Foreign exchange	25,038	1,098
Unearned revenue	369,483	71,817
Add/(deduct) movements classified as investing activities		
(Profit)/loss on sale of property, plant and equipment	232	-
Add/(deduct) movements in working capital		
Decrease/(increase) in trade and other receivables	371,280	(23,826)
Decrease/(increase) in prepayments	(98,074)	(4,408)
Decrease/(increase) in other financial assets	(50,655)	-
Decrease/(increase) in trade creditors and other payables	150,255	116,443
Decrease/(increase) in employee entitlements	83,740	11,577
Increase/(decrease) in other financial liabilities	(8,685)	17,813
Net cash from operating activities	<u>(2,665,990)</u>	<u>(424,408)</u>

Note 17. Related party transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Group.

The Group has a related party relationship with its Shareholders, Directors and other key management personnel.

Unless otherwise stated transactions with related parties in the years reported have been on an arms-length basis, none of the transactions included special terms, conditions or guarantees.

Transactions with related parties

The following transactions were carried out with related parties:

	6 Months Unaudited 31 Dec 16 \$	6 Months Unaudited 31 Dec 15 \$
a. Purchase of services		
Directors	418,528	156,538
Key management personnel	155,199	-
Other related parties	22,131	-
Total purchase of services from related parties	595,858	156,538

	At 31 Dec 16 \$	At 30 June 16 \$
b. Receivable/(payable) with related parties		
Receivable from related parties		
Directors	5,995	25,995
Total	5,995	25,995
Payable to related parties		
Other related party	-	8,491
Directors	-	-
Total	-	8,491

The Loans to directors for the 6 months' year ended 31 December amounted to \$5,995 (30 June 2016; \$29,995). This is the balance of a loan repayable over 6 months at an interest rate of 5%.

Note 18. Contingent assets and contingent liabilities

The Group has no contingent assets or liabilities at 31 December 2016 except as disclosed in Note 5 in relation to the reversal of the GST claimed (30 June 2016; \$Nil).

Note 19. Commitments

Operating leases are held for premises used for office space. Lease commitments net of incentive payments are:

	At 31 Dec 16 \$	At 30 June 16 \$
Not later than one year	262,906	268,888
Later than one year and not greater than two years	234,381	257,900
Later than two years and not greater than five years	2,951	99,363
Total Lease Commitment (net of incentive payment)	500,237	626,151

Other than operating leases, the Group had no commitments at 31 December 2016 (30 June 2016; \$Nil)

Note 20. Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT REVIEW REPORT

To the shareholders of Xref Limited

Review report on the interim financial statements

We have reviewed the accompanying interim financial statements of Xref Limited ("the Company"), and its subsidiaries ("the Group"), on pages 10 to 27 which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, and a summary of significant accounting policies and selected explanatory notes.

Directors' Responsibility for the interim financial statements

The directors of the Company are responsible for the preparation and presentation of the consolidated interim financial statements in accordance with New Zealand Equivalent to International Financial Reporting Standard 34 Interim Financial Reporting (NZ IAS 34) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibilities

Our responsibility is to express a conclusion on the accompanying consolidated interim financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34. As the auditor of the Xref Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of the consolidated interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

Crowe Horwath New Zealand Audit Partnership is a member of Crowe Horwath International, a Swiss Verein. Each member of Crowe Horwath is a separate and independent legal entity.



The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Accordingly we do not express an audit opinion on those financial statements.

We are independent of the Group. Other than in our capacity as assurance practitioner we have no relationship with, or interests in, the Group.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements of Xref Limited do not present fairly, in all material respects, the financial position of the Group as at 31 December 2016, and of its financial performance and its cash flows for the period ended on that date, in accordance with NZ IAS 34.

Crowe Horwath New Zealand Audit Partnership
CHARTERED ACCOUNTANTS
27 February 2017

Corporate Directory

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Brad Rosser
Chairman

Lee-Martin Seymour
Tim Griffiths
Tim Mahony
Nigel Heap

LEADERSHIP TEAM

Lee-Martin Seymour
Chief Executive Officer,
Co-Founder

Tim Griffiths
Chief Technology Officer,
Co-Founder

James Solomons
Chief Financial Officer

COMPANY SECRETARY

Robert Waring

AUDITORS

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STOCK EXCHANGE

The company's
ordinary shares are listed
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Offering extreme
value to our staff,
customers &
shareholders



Candidate Referencing Shouldn't Cost The Earth

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