



Appendix 4E
Unaudited Preliminary Final Report

For the Year Ended 30 June 2017



Appendix 4E and Unaudited Preliminary Final Report for the year ended 30 June 2017

Xref Limited

ARBN 122 404 666

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Results for Announcement to Market

Reporting Period

Financial year ended	Previous corresponding period
30 June 2017	12 months to 30 June 2016

Results for announcement to the market

Description	30 June 2017 (AUD\$)	30 June 2016 (AUD\$)	% Change
Revenue from ordinary activities	2,980,449	1,313,176	+127%
Loss from ordinary activities	(6,343,383)	(845,242)	+650%
Profit / (Loss) for the period attributable to members	(6,508,867)	(830,649)	+684%
Net tangible asset per security	\$0.03	\$0.02	+50%

Commentary on FY 17 results

Xref, the human resources technology company, today reported 137% sales growth for FY17 with sales of \$4.1 million compared to sales of \$1.7 million for FY16.

Revenue, which excludes cash from unused credits, grew 127% to \$3.0 million for FY17, compared to \$1.3 million for FY16.

Highlights included:

- Strong growth in Australia, New Zealand, UK, Europe, Middle East and North America
- \$0.85 million record monthly sales in June 2017
- More than 50% client growth in FY17, with the number of clients exceeding 600, including 36% of the ASX 50
- Global domain Xref.com secured, enabling universal launch of global brand effective July 1, 2017
- Activating six channel integration partners including Bullhorn, Expr3ss!, iCIMS, Oracle Taleo, SmartRecruiters and Workday; these organisations support 20,000 companies worldwide
- Launching new products and services including new employee dashboard, mobile capabilities, time-based referencing, Sentiment algorithm and multi-language capabilities
- Winning HRD's 'Employer of choice' gold award
- Completing an \$8 million share placement
- Developing a global accounting structure and full-time hire of CFO, James Solomons, who joined Xref from Xero
- Strengthening the group's business through building sales, marketing and customer success teams, improving sales efficiency, client retention and increased credit usage
- After balance date, Xref completed a \$7.5 million placement, which was oversubscribed.

Xref demonstrated strong global growth in FY17

Xref is investing to build global scale and extended its client base by over 50% in FY17 to more than 600 clients worldwide, including 36% of the ASX 50. The company services clients in Australia, New Zealand, the United Kingdom, Europe and the Middle East, North America and Singapore, from offices in Sydney, London and Toronto.

Australia and New Zealand

In Australia and New Zealand, the size of Xref's addressable market is about 12 million positions. New clients signed in FY17 included Airbus, Arrium, Auckland Airport, Auckland Transport, Bluescope Steel, Cotton On, Cushman & Wakefield, CSR, Department of Premier and Cabinet (Victoria), Fitness First, Krispy Kreme, KPMG, Linx Cargo Care Group, ME Bank, NBN, New Zealand Police Force, News Corporation, NSW Treasury, Reserve Bank of Australia, Roy Hill, Sodexo, Telstra, Transurban, WPP AUNZ and Zurich Financial Services.

UK

The size of the UK addressable market is about 32 million positions, and the group's London office also serves the Europe, Middle East and Africa (EMEA) region.

New clients signed included Bytes Technology Group, Callidus Consulting, CDC Group, the Chelsea Football Club, the Chelsea Foundation University of Exeter, The Dorchester Collection, JCB (JC Bamford), Kuoni Group, Sue Ryder, The Salvation Army, Thwaites and TMP Worldwide. The group has also secured European and Middle East-based clients.

North America

The North American market has an addressable market of about 162 million positions, including around 18 million in Canada and 144 million in the US. The group now has more than 30 North American clients, all secured in FY17, including Bruce County Council, Clarity, ES Fox, Flipp, Goodlife Health, Konica, Lindt, Miele, Revera, SIR Corp, TravelEdge Group and WilsonCTS.

Xref collects 60% more data five times faster than traditional methods and, by automating a vital task, protects companies from fraud, discrimination and privacy breaches. The data is received in a very short period of time, enabling efficient data-driven hiring decisions. As Xref delivers significant value, client renewals provide strong ongoing revenue streams.

Channel provides new growth path

Xref has focused on growth through integration partnerships which increase its channels to market. The company has integrated, or is in the process of integrating, with 10 organisations and channel integrations that are now 'live' worldwide including Bullhorn, Equifax (formerly Veda), Expr3ss!, iCIMS, Oracle Taleo, SmartRecruiters and Workday. Their services include applicant tracking systems and marketplaces that support the human resources teams of more than 20,000 organisations through their platforms, including many of the world's largest enterprises.

Collaboration with partners through joint marketing campaigns helps educate channel partners' support staff about Xref's platform. These sales teams support the daily activities of applicant tracking systems that manage their enterprise clients' human resources workflow. Channel partners employ more than 1,500 support staff and their advocacy helps to reduce Xref's cost of acquiring new business.

Single global domain name simplifies expansion

In May 2017, Xref purchased the domain name www.xref.com, enabling its global candidate referencing platform to move to a single global domain worldwide on July 1, 2017. This enables consistent rollout of the Xref brand globally through a common xref.com domain. As four-letter .com domains are memorable, they carry significant commercial value.

Re-engineering technology drives client growth

During FY17, Xref continued to innovate and launch new systems. These included a new fully API-driven employee dashboard with a rebuilt client, candidate and referee experience. APIs allow exciting new features such as dynamic reports and self-service 'customer success' capabilities, and the platform also increased scale and security.

New services include multi-language capabilities, beginning with localised French for the Canadian market. Spanish and Swedish language services will be introduced soon, further extending Xref's addressable market.

On July 1, 2017, Xref launched the new Sentiment application which analyses references to provide employers with an easy to understand sentiment score. This leverages the platform's big data, machine learning and artificial intelligence capabilities that also support Xref's fraud detection application.

Winner of 'Employer of choice' gold award and cloud innovation award

Xref was pleased to receive Human Resource Director (HRD)'s 'Employer of choice' gold award for companies with less than 100 employees, and was also a top performer in the access to technology, leadership, and health and wellbeing categories. The award demonstrates the high level of employee engagement and the strength of Xref's culture.

In August 2017, Xref received the Australian Business Award for cloud innovation, recognising the flexibility, efficiency, security and automation of its innovative platform.

Xref has built a complete structure for sustainable growth

Xref has developed a sustainable and scalable global accounting culture that has enabled the company to open up new regions very quickly. In FY17, CFO James Solomons, who joined Xref from Xero where he was head of accounting, moved to a full-time basis. This has been instrumental in enabling the company to accurately set controls around budgets and achieve goals aligned with management targets. The company also appointed a new chief operating officer to ensure ongoing integration and delivery of operations.

The group has strengthened marketing and communications to aid its global expansion and localised messaging, generate and nurture leads, drive client advocacy and position Xref as a thought leader in the human resources sector through initiatives such as the Xref Recruitment Risk Index.

In addition to sales personnel who win new business, Xref maintains a customer success team which manages client relationships, helping them to maximise value from the Xref platform. This supports client demand and ensures continued strong relationships with clients.

Growth exceeds 100% year-on-year; strong cash position

The company's business model involves selling Xref credits, which clients consume as they make candidate reference checks on a 'credit-per-candidate' basis. After credits are consumed, Xref books the sale as revenue.

Sales for FY17 were \$4.1 million, up 137% from \$1.7 million in FY16. Sales, which represent cash payments, are a leading indicator of Xref's revenue growth. Unearned revenue, which represents unused credits, was \$2.03 million at 30 June 2017, up from \$904k at 30 June 2016. Revenue grew 127% to \$3.0 million for FY17, compared to \$1.3 million for FY16, demonstrating the strong and continuing demand for Xref's services.

Xref maintains tight control of costs, which were within management expectations. The company is investing to build global growth and scale, and the loss for the year was \$6.5 million.

At 30 June 2017, Xref held \$4.1 million cash. On 2 August 2017, the company raised \$7.5 million before costs through a placement, which closed oversubscribed, to Australian institutions and sophisticated investors at a price of 60c per share. Funds from the placement will support:

- Marketing to accelerate expansion in key international markets and co-promotional activities with channel partners to increase sales;
- The further development of integrations with applicant tracking systems and other human resources platforms, which provide a valuable marketing channel for Xref; and
- Initiatives to educate global partner teams and leverage integrations, which provide enterprises access to Xref's candidate referencing platform, enabling the rapid digital onboarding of new clients.

In August 2016, Xref raised \$8 million through a share placement which also closed oversubscribed. These funds were used to accelerate the company's investment in global sales growth, product integration and software development. The company also received an R&D refundable tax offset of \$482,426 in December 2016.

Positive growth outlook

Xref maintains a dynamic growth trajectory and anticipates continued 100% year-on-year revenue growth.

As the company builds scale, it has a strong platform for ongoing growth in its key markets of Australia, Europe and North America. Xref continues to win new business and significant renewals from existing clients.

The group's channel strategy has opened up a new conduit to sales and, as channel partners' familiarity with the Xref platform and its time, cost and security benefits for clients grow, availability through applicant tracking systems' marketplaces is expected to expedite growth in the coming year.

Xref continues to explore partnerships with human resources organisations to assist growth in new markets. The company continues to invest to increase efficiency, create innovative products, and develop new revenue streams.

Corporate

Following shareholder endorsement of moving the company's domicile from New Zealand to Australia on 27 May 2016 the company lodged forms to this effect with ASIC on Monday 28th August 2017.

Xref fully divested the mining assets owned as part of the activities of King Solomon Mines Limited in March 2017

Dividends

Xref Limited did not declare a dividend during the reporting period.

Associates and Joint Ventures

Xref Limited does not have any holdings in joint ventures or associates.

Audit Report

The preliminary final report is based on unaudited financial statements which are currently in the process of being audited.

Financial Statements

Statement of comprehensive income

	Notes	2017	Group 2016
		\$	\$
OPERATING ACTIVITIES			
Sales - Credits Sold in Current Year		4,107,518	1,734,426
Less adjustment for Unearned Revenue		(1,127,069)	(421,250)
Revenue	9	2,980,449	1,313,176
Employee expenses		5,502,540	1,912,737
Overheads and administrative expenses	10	5,212,777	2,144,376
Depreciation, amortisation and impairment expenses	11	46,180	17,310
		10,761,497	4,074,423
Operating profit/ (loss)		(7,781,048)	(2,761,247)
OTHER INCOME			
Other income	13	1,437,665	1,916,721
Profit/(loss) before income tax from continuing activities		(6,343,383)	(844,526)
Income tax expense/ (credit)	14	-	716
Profit/(loss) for the year from continuing activities		(6,343,383)	(845,242)
DISCONTINUED OPERATIONS			
Profit/ (loss) for the year from discontinued operations	8	(113,622)	(2,354)
Loss attributable to the shareholders of the Company		(6,457,005)	(847,596)
OTHER COMPREHENSIVE INCOME MOVEMENTS			
Movements that will be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(51,862)	16,947
Total other comprehensive income movements		(51,862)	16,947
Total comprehensive loss for the year		(6,508,867)	(830,649)

Statement of comprehensive income (continued)

	Notes	2017 \$	Group 2016 \$
EARNINGS PER SHARE			
From continuing and discontinuing operations	25		
Basic (cents per share)		(0.44)	(0.02)
Diluted (cents per share)		(0.44)	(0.02)
From continuing operations	25		
Basic (cents per share)		(0.44)	(0.02)
Diluted (cents per share)		(0.44)	(0.02)
From discontinuing operations	25		
Basic (cents per share)		-	-
Diluted (cents per share)		-	-

These financial statements should be read in conjunction with the notes to the financial statements

Statement of financial position

	Notes	2017 \$	Group 2016 \$
Assets			
Current assets			
Cash and cash equivalents	15	4,069,573	2,270,832
Trade and other receivables	16	2,616,084	944,060
Prepayments		192,620	52,132
		<u>6,878,277</u>	<u>3,267,024</u>
Non-current assets classified as held for sale	8	0	333,814
Total current assets		<u>6,878,277</u>	<u>3,600,838</u>
Non-current assets			
Property, plant and equipment	17	212,357	139,944
Intangibles	18	101,681	0
Rental Bonds	15	74,998	48,467
Total non-current assets		<u>389,036</u>	<u>188,411</u>
Total assets		<u>7,267,313</u>	<u>3,789,249</u>
Liabilities			
Current liabilities			
Trade and other payables	19	1,641,502	530,929
Employee benefits	20	185,161	62,922
Superannuation payable		115,258	57,679
Rent incentives		31,512	21,470
		<u>1,973,433</u>	<u>673,000</u>
Liabilities directly associated with assets classified as held for sale	8	0	333,812
Total current liabilities		<u>1,973,433</u>	<u>1,006,812</u>
Non-current liabilities			
Unearned Revenue	21	2,030,253	903,566
Rent Incentive		13,103	44,615
Total non-current liabilities		<u>2,043,356</u>	<u>948,181</u>
Total liabilities		<u>4,016,789</u>	<u>1,954,993</u>
Net assets		<u>3,250,524</u>	<u>1,834,256</u>
EQUITY			
Issued share capital	22	32,687,991	25,042,977
Retained earnings		<u>(7,475,827)</u>	<u>(1,110,982)</u>
Other equity reserves	23	<u>(21,961,640)</u>	<u>(22,097,739)</u>
Total equity		<u>3,250,524</u>	<u>1,834,256</u>

These financial statements should be read in conjunction with the notes to the financial statements.

Statement of changes in equity (continued) - For the year ended 30 June 2016

	Notes	Retained earnings	Share capital	Performance rights reserve	Share option reserve	Foreign currency translation reserve	Consolidation reserve	Total equity
Group 2016		\$	\$	\$	\$	\$	\$	\$
Xref Pty Ltd Deficit in Equity as at 1 July 2015		(427,889)	100	-	-	-	-	(427,789)
Prior period adjustment	31	164,503	-	-	-	-	-	164,503
Restated opening balance		(263,386)	100	-	-	-	-	(263,286)
Reverse Acquisition of Assets by Xref Pty Ltd								
Consideration for Xref Pty Ltd equity		-	2,525,000	433,333	-	-	-	2,958,333
Elimination of Xref Pty Ltd Share Capital		-	(100)	-	-	-	100	-
Replaced by King Solomon Mines Ltd Share Equity		-	22,569,707	-	276,214	-	(22,845,921)	-
Reverse Acquisition Equity Movements		-	25,094,607	433,333	276,214	-	(22,845,821)	2,958,333
Comprehensive Income:								
Profit/(loss) for the year		(847,596)	-	-	-	-	-	(847,596)
Other comprehensive income movements for the year		-	-	-	-	16,947	-	16,947
Total comprehensive loss for the year		(847,596)	-	-	-	16,947	-	(830,649)
Issue of options		-	-	-	21,588	-	-	21,588
Issue of share capital transaction costs		-	(51,730)	-	-	-	-	(51,730)
Total transactions with owners recorded directly in equity		-	(51,730)	-	21,588	-	-	(30,142)
Equity as at 30 June 2016		(1,110,982)	25,042,977	433,333	297,802	16,947	(22,845,821)	1,834,256

These financial statements should be read in conjunction with the notes to the financial statements.

Statement of changes in equity (continued) - For the year ended 30 June 2017

Group 2017	Notes	Retained earnings \$	Share capital \$	Performance rights reserve \$	Share option reserve	Foreign currency translation reserve \$	Consolidation Reserve \$	Total equity \$
Xref Pty Ltd Deficit in Equity as at 1 July 2016		(1,110,982)	25,042,977	433,333	297,802	16,947	(22,845,821)	1,834,256
		-	-	-	-	-	-	-
Shares Issued			8,101,681	-	-	-	-	8,101,681
Capital Raising Costs			(540,000)	-	-	-	-	(540,000)
Performance Rights B			83,333	(83,333)				
Options Issued		-			363,454	-		363,454
Options expired		92,160			(92,160)	-	-	-
Total		92,160	7,645,014	(83,333)	271,294	-	-	7,295,135
Comprehensive Income:								
Profit/(loss) for the year		(6,457,005)	-	-	-	-	-	(6,457,005)
Other comprehensive income movements for the year		-	-	-	-	(51,862)	-	(51,862)
Total comprehensive loss for the year		(6,457,005)	-	-	-	(51,862)	-	(6,508,867)
Issue of options			-	-	-	-		-
Issue of share capital transaction costs		-	-	-	-	-	-	-
Total transactions with owners recorded directly in equity		92,160	7,645,014	(83,333)	271,294	-		7,925,135
		-	-	-	-	-	-	
Equity as at 30 June 2017		(7,475,827)	32,687,991	350,000	569,096	(34,915)	(22,845,821)	3,250,524

These financial statements should be read in conjunction with the notes to the financial statements.

Statement of cash flows

	Notes	2017 \$	Group 2016 \$
Cash flow from operating activities			
Cash was provided from/(applied to):			
Receipts from customers		3,199,358	1,772,066
Interest received		53,031	16,412
Other Income		482,426	22
Payments to suppliers and employees		(9,251,807)	(3,666,643)
Income Tax Paid		0	(716)
Net cash from/(used in) operating activities	27	(5,516,992)	(1,878,859)
Cash flow from investing activities			
Cash was provided from/(applied to):			
Proceeds from sale of property, plant and equipment		233	271
Proceeds from Acquisition of King Solomon Mines Limited Ltd			3,770,054
Cash from loans to other entities		31,416	
Purchase of property, plant and equipment		(174,097)	(146,404)
Net cash from/(used in) investing activities		(142,448)	3,623,921
Cash flow from financing activities			
Cash was provided from/(applied to):			
Proceeds from issue of convertible notes		8,000,000	550,000
Transaction costs paid in relation to share capital issued		(540,000)	(51,730)
Dividends paid to equity holders of the parent		-	-
Net cash from/(used in) financing activities		7,460,000	498,270
Net increase/(decrease) in cash and cash equivalents		1,800,560	2,243,332
Cash and cash equivalents, beginning of the year		2,270,832	81,076
Net foreign exchange differences		(1,819)	(48,101)
Less cash included in disposal group		-	(5,475)
Cash and cash equivalents at end of the year	15	4,069,573	2,270,832

These financial statements should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

1. Reporting entity

XREF Limited previously named King Solomon Mines ('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.

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

These preliminary consolidated financial statements were authorised for issue by the Board of Directors on the date stated on page 32.

2. Basis of preparation

The preliminary consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. The preliminary 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 preliminary 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.

Xref Limited is a company registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the ASX Listing Rules. In accordance with the Financial Markets Conduct Act 2013 because group financial statements are prepared and presented for Xref Limited and its subsidiaries, separate financial statements for Xref Limited are no longer required to be prepared and presented.

a. Basis of measurement

The financial statements have been prepared on a historical cost basis, except for assets and liabilities as disclosed below that have been measured at fair value.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

3. Summary of significant accounting policies

The accounting policies of the Group have been applied consistently to all years presented in these financial statements. The significant accounting policies used in the preparation of these financial statements are summarised below:

a. Basis of consolidation

The Group financial statements consolidate the financial statements of the Parent and all entities over which the Parent is deemed to have controlling relationship (defined as "subsidiaries"). An entity is defined as a subsidiary when the Group is exposed, or has rights, to variable returns from its relationship with the entity and has the ability to affect those returns through its power over the entity.

When the Group has less than a majority of the voting power or similar rights of another entity, the Group considers all relevant facts and circumstances in assessing whether it has power over the other entity.

The Group re-assesses whether or not it controls another entity if facts and circumstances indicate that there are changes in one or more of the three elements of control. The financial statements of subsidiaries are included in the preliminary consolidated financial statements from the date that control commences until the date that control ceases.

The consolidation of the Parent and subsidiary entities involves adding together like terms of assets, liabilities, income and expenses on a line-by-line basis. All significant intra-group balances are eliminated on consolidation of Group financial position, performance and cash flows.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction - that is, as transactions with owners in their capacity as owners, recorded in the statement of movements in equity.

If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative carrying amount of foreign currency translation; differences recorded in reserves;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss, or retained earnings as appropriate.

Interests in subsidiaries are held at cost less impairment in the Parent.

b. Foreign currency translation

Functional and presentation currency

The Group financial statements are presented in Australian dollars (AUDs), which is also the functional currency of the Parent.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Parent, using exchange rates prevailing at the dates of the transactions (i.e. the spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the reported profit or loss.

Non-monetary items measured at historical cost are not re-translated at each year-end, instead they are only translated once using the exchange rate at the transaction date. Non-monetary items measured at fair value are translated using the exchange rates at the date when the year-end fair value was determined.

The net balance of foreign exchange gains and losses that relate to monetary items (such as borrowings, cash and cash equivalents) are presented in the Statement of Comprehensive Income within "finance income" or "finance costs". All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within "Other gains/(losses)".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit and loss are recognised in the Statement of Comprehensive Income as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in fair value movements disclosed within other comprehensive income.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than AUDs are translated into AUDs upon consolidation.

The results and financial position of subsidiaries are translated into the presentation currency as follows:

assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- i. income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- ii. all resulting exchange differences are recognised in other comprehensive income.

The assets and liabilities of foreign operations, including any goodwill, are translated to AUDs at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to AUDs at exchange rates at the dates of the transactions.

Foreign currency differences are recognised on other comprehensive income, and presented in the foreign currency translation reserve within equity.

When a foreign operation is disposed of such that control is lost, the cumulative amount of the translation reserve related to the foreign operation is reclassified to the reported surplus or deficit as part of the gain or loss on disposal.

c. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

d. Trade debtors and other receivables

Trade debtors are amounts due from customers for goods sold and services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors and other receivables are measured initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for any impairment.

An allowance for impairment is established where there is objective evidence the Group will not be able to collect all amounts due according to the original terms of the receivable.

e. Trade creditors and other payables

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade creditors and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

f. Assets available for sale

When the Group intends to sell non-current assets or groups of assets, and if the sale is highly probable to be carried out within 12 months, the asset or group of assets is classified as "held for sale" and presented as such in the statement of financial position.

Non-current assets classified as "held for sale" are measured at the lower of their carrying amounts, immediately prior to their classification as held for sale and their fair value less costs to sell. However, some "held for sale" assets such as financial assets or deferred tax assets continue to be measured in accordance with the Group's accounting policy for those assets.

No assets classified as "held for sale" are subject to depreciation or amortisation subsequent to their classification as "held for sale".

g. Property, plant and equipment

Except for land and buildings, items of property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions and subsequent costs

Subsequent costs and the cost replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

All repairs and maintenance expenditure is charged to profit or loss in the year in which the expense is incurred.

Disposals

When an item of property, plant or equipment is disposed of, the gain or loss recognised in the profit or loss is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

Depreciation

Depreciation is charged on a straight value (SL) basis on all property, plant and equipment over the estimated useful life of the asset. Depreciation is charged to profit or loss and disclosed within "overheads and administrative" expenses. The following depreciation rates have been applied at each class of property, plant and equipment:

Computer Equipment	3-5 years
Office Equipment	3-20 years
Office Furniture	10-20 years
Office Fit-out	6-20 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining life of the improvements, whichever is shorter.

The residual value and useful life of property, plant and equipment is reassessed annually.

h. Intangible assets

Internally developed intangible assets

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in the reported profit or loss when incurred.

Development activities include a plan or design for the production of new or substantially improved products. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the reported surplus and deficit when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and any impairment losses.

i. Leased assets

Leases where the Group assumes substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance leases. All other leases are classified as operating leases.

Upon initial recognition finance leased assets are measured at an amount equal to the lower of its fair value and the present value of minimum leased payments at inception of the lease. A matching liability is recognised for minimum lease

payment obligations excluding the effective interest expense. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

j. Impairment of non-financial assets

At each reporting date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication of impairment. If any such indication exists for an asset, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Goodwill and other intangible assets with indefinite useful life are tested for impairment annually.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the reported profit or loss.

The estimated recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting to their present value using a pre-tax discount rate that reflects current market rates and risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. Other impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount. An impairment loss on property carried at fair value is reversed through the relevant reserve. All other impairment losses are reversed through profit or loss.

Any reversal of impairments previously recognised is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

k. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, other financial assets, trade creditors and other payables, borrowings, other financial liabilities and derivative financial instruments.

Initial recognition and measurement

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition, except for those carried at fair value through profit or loss, which are measured at fair value.

Financial assets and financial liabilities are recognised when the Parent and Group becomes a party to the contractual provisions of the financial instrument.

De-recognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the Group transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition into one of four categories defined below, and re-evaluates this designation at each reporting date.

All financial assets except for those classified as fair value through profit or loss are subject to review for impairment at least at each reporting date. Different criteria to determine impairment are applied to each category of financial assets, which are described below.

The classification of financial instruments into one of the four categories below, determines the basis for subsequent measurement and the whether any resulting movements in value are recognised in the reported profit/ loss or other comprehensive income.

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

ii. Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of non-derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Group have the intention and ability to hold them until maturity. The Group currently hold listed bonds designated into this category.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include listed securities and debentures, and certain other equity investments.

Equity investments are measured at cost less any impairment charges, where the fair value cannot currently be estimated reliably.

All other available-for-sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the "available-for-sale revaluation reserve" within equity, except for impairment losses which are recognised in profit or loss.

When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Any associated interest income or dividends are recognised in profit or loss within "finance income".

Available-for-sale financial instruments are reviewed at each reporting date for objective evidence that the investment or group investment is impaired. Objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

I. Provisions

A provision is recognised for a liability when the settlement amount or timing is uncertain; when there is a present legal or constructive obligation as a result of a past event; it is probable that expenditures will be required to settle the obligation; and a reliable estimate of the potential settlement can be made. Provisions are not recognised for future operating losses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Provisions are discounted to their present values, where the time value of money is material. The increase in the provision due to the passage of time is recognised as an interest expense.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

m. Employee entitlements Short-term employee benefits

Employee benefits, previously earned from past services, that the Group expects to be settled within 12 months of reporting date are measured based on accrued entitlements at current rate of pays.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

The Group recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed without realistic possibility of withdrawal, to terminate employment, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Long-term benefits

The Group's net obligation in respect of long service leave is the amount of future benefit that employees have earned in return for their services in the current and prior years. The obligation is calculated using the projected unit credit method and is discounted to its present value. Any actuarial gains and losses are recognised in profit or loss in the year in which they arise. No long service leave has been recognised as no employee has been with the company for over 3 years.

Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimates of the number of

options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the statements of comprehensive income, and a corresponding adjustment to equity over the remaining vesting period. If the options lapse or expire, the accumulated balance will be reclassified to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) when the options are exercised.

n. Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of consideration received, excluding GST, rebates, and trade discounts.

The Group assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the Group's own account is recognised as gross revenue in the Statement of Comprehensive Income.

The Parent often enters into sales transactions involving a range of products and services (multiple components). The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction

in order to reflect the substance of the transaction. The consideration received from these transactions is allocated to the separately identifiable component by taking into account the relative fair value of each component.

The following specific recognition criteria must be met before revenue is recognised:

Rendering of services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. Under this method, revenue is recognised in the accounting periods in which the services are provided.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

o. Finance costs

Finance costs recorded in the Statement of Comprehensive Income comprise the interest expenses charged on borrowings and the unwinding of discounts used to measure the fair value of provisions.

p. Profit and loss from discontinued activities

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business; or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date for the latest year presented. Where operations previously presented as discontinued are now regarded as continuing operations, prior year disclosures are correspondingly re-presented.

q. Income tax

The income tax expense recognised in profit or loss comprises the sum of deferred tax movements and current tax not recognised in other comprehensive income or directly in equity.

Current income taxes

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustment to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred tax

Deferred tax is the amount of income tax payable or recoverable in future years in respect of temporary differences and unused tax losses (if any). Temporary differences are differences between the carrying amount of asset and liabilities in the financial statements and the corresponding tax bases used in the consumption of taxable surpluses.

Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects the tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available in future years, against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of income tax in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

r. Goods and Services Tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD), Australian Taxation Office (ATO) or tax offices in other jurisdictions is included as part of receivables and/or payables in the Statement of Financial Position. GST balances from different countries are not offset.

s. Share capital

Share capital represents the consideration received for shares that have been issued. All transaction costs associated with the issuing of shares are recognised as a reduction in equity, net of any related income tax benefits.

Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

t. Dividend distribution

Dividend distributions to the parent's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Parent Directors.

u. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shareholders outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

v. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is ultimately responsible for strategic decision, approving the allocation of resources and assessing the performance of the operating segments, has been identified as the Board of Directors.

w. Going Concern

Notwithstanding the Group incurred a loss after tax for the year of \$6,156,344 (2016: \$845,212), the preliminary consolidated financial statements have been prepared on a going concern basis as the Group raised a \$8 million through a share placement in August 2016. This was further supported by another oversubscribed capital raise of \$7.5 million (before costs) in August 2017, which is sufficient for the Group to support its operating activities and enable the Group to pay its debts when they fall due in the next 12 months and the foreseeable future. As such the preliminary consolidated financial statements have been prepared on the going concern basis.

4. Changes to accounting policies and disclosures

The accounting policies set out in these financial statements are consistent for all periods presented. The Group did not adopt any new accounting standards, interpretation or amendments.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these preliminary consolidated financial statements. These will be applied when they become mandatory. Significant standards include:

NZ IFRS 9 Financial Instruments is effective for annual periods beginning on or after 1 January 2018. NZ IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and relaxes the current NZ IAS 39 requirements for hedge accounting.

NZ IFRS 16 Leases is effective for annual periods beginning on or after 1 January 2019. NZ IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard will fundamentally change the accounting treatment of leases by lessees. The current dual accounting model for lessees, which distinguishes between on balance sheet finance leases and off balance sheet operating leases will no longer apply. Instead there will be a single, on balance sheet model for all leases which is similar to current finance lease accounting.

NZ IFRS 15 Revenue from Contracts with Customers is effective for annual periods beginning on or after 1 January 2018. It has an objective of a single revenue recognition model that applies to revenue from contracts with customers in all industries.

The Group is in the process of assessing the impact of the change in standards on the preliminary consolidated financial statements.

5. Significant accounting judgements, estimates and assumptions

The following are significant management judgements in applying the accounting policies of the Group that have a significant effect on the financial statements:

Impairment

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results.

These assumptions relate to future events and circumstances.

Internally generated software and research costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase.

To distinguish any research-type project phase from the development phase, it is the Group's accounting policy to require a detailed forecast of sales or cost savings expected to be generated by the intangible asset. The forecast is incorporated into the Group's overall budget forecast as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets are based on the same data.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted price in active markets, the fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax losses or credits. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full.

Capitalisation or expensing of development costs

Management has determined that for the 2016 financial year that no expenditure be capitalised as an asset. The basis for this decision is that over the past 5 years there has been significant development of the platform and that the current platform is completely different to that which existed 5 years. The system that is developed is not a standalone asset and is constantly evolving & the whole codebase and infrastructure regularly changes to keep up with technological advances.

Research and Development Refundable Tax Offset

The Group has identified costs including hosting fees, market research, external contractors, system testing and remuneration which it has identified as research and development costs. The Research and Development tax refund is calculated as 43.5% of the total figure.

Valuation of Chinese Assets subject to sale

The assets property, plant and equipment and exploration and evaluation assets have been reviewed for impairment based on historical experience and other factors, including estimations of market transactions that are believed to be reasonable under the circumstances.

These asset values have then been reduced prior to acquisition based on an estimation of fair value less costs to sell in line with the sale and purchase agreement consideration for Inner Mongolia Plate Mining Co Limited of RMB 10 (equivalent to AU\$2). The sale agreement was executed in March 2017 for the written down value of \$2 AUD.

6. Group information

The preliminary consolidated financial statements of the Group include:

			Group % equity interest	
Name	Principal activity	Country of incorporation	2017	2016
Parent				
Xref Limited	Candidate Referencing	New Zealand	100%	100%
Subsidiaries				
Xref (AU) Pty Limited	Candidate Referencing	Australia	100%	100%
Xref (UK) Limited	Candidate Referencing	United Kingdom	100%	100%
Xref Referencing (CA) Limited	Candidate Referencing	Canada	100%	100%
Inner Mongolia Plate Mining Co Limited	Mineral exploration and development	China	0%	90%

The mineral exploration & development asset was divested in March 2017 for the written down value of \$2.

The 90% owned subsidiary, Inner Mongolia Plate Mining Co Limited exited from the group with the divestment action above.

a. Investments in subsidiaries

All investments in subsidiaries are carried at cost and eliminated through consolidation in the Group.

7. Segment reporting

There is only one operating segment (candidate referencing) for the year ended 30 June 2017. 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.

Geographical information

	Group	
	2017	2016
	\$	\$
Credit sales to external customers		
Australia	3,844,059	1,720,865
Canada	120,864	
United Kingdom	142,595	13,561
Total operating revenue	4,107,518	1,734,426
Revenue from external customers		
Australia	2,889,087	1,304,475
Canada	23,124	
United Kingdom	68,238	8,701
Total operating revenue	2,980,449	1,313,176
Non-current operating assets		
Australia	207,128	147,960
Canada	22,125	7,521
United Kingdom	58,102	32,930
Total Non-current operating assets	287,355	188,411

The information above is based on the locations of the customers.

8. 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 Limited.

a. Cash flows associated with discontinued operations:

	2017	2016
	\$	\$
Operating cash flows	(967)	(2,297)
Total cash flows from discontinued operations	(967)	(2,297)

b. Net assets of disposal group classified as held for sale

The asset was divested in March 2017 for the written down value of \$2

	2017	2016
	\$	\$
Assets		
Exploration and evaluation assets	0	240,000
Other assets	0	93,814
Total assets	0	333,814
Liabilities		
Trade creditors and other payables	0	333,812
Total liabilities	0	333,812
Net assets of disposal group	0	2

The assets and liabilities of the discontinued operations are classified as held-for-sale and were written down to their fair value in 2016.

The measurement of fair value in 2016 was 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 was finalised in March 2017 for a consideration of \$2.

c. Net profit of disposal group classified as held for sale

	2017	2016
	\$	\$
Expenses	(113,622)	(2,354)
Profit/ (loss) for the year from discontinued operations	(113,622)	(2,354)

\$112,655 AUD was paid to the New Zealand Inland Revenue Department in full and final settlement, on a no admissions basis, of the GST review undertaken that was referred to and estimated to be a liability of \$200,000 AUD in Note 5 in the Half Year Interim Report of Xref Limited released in February 2017

9. Revenue

	2017	2016
	\$	\$
Rendering of services	2,980,449	1,313,176
Total revenue	2,980,449	1,313,176

10. Expenses

The following expenses were expensed in the operating profit/(loss) for the year:

	2017	2016
	\$	\$
Audit fees	111,352	69,636
Accounting	314,278	157,559
Directors Fees	125,234	91,298
Legal Fees	177,045	172,028
Marketing expenses	1,184,004	277,437
Other Consultants	818,864	410,162
Share Option Expense	363,454	21,588
Administration expense	1,557,974	623,846
Foreign exchange loss	1,819	48,101
Operating lease payments	558,752	272,722
	5,212,777	2,144,376
Auditors remuneration		
Fees charged by Audit Firm:		
Financial statement audit	111,352	69,636
Total fees paid to audit firm	111,352	69,636

11. Depreciation, amortisation and impairment expenses

	2017	2016
	\$	\$
Depreciation of property, plant and equipment	46,180	17,310
Total	46,180	17,310

12. Research and development costs

	2017	2016
	\$	\$
Research and development costs expensed	3,183,062	1,072,058
Total research and development costs for the year	3,183,062	1,072,058

The Parent and Group research and development projects have focused on cloud-based solutions for candidate recruitment.

13. Other income

	2017	2016
	\$	\$
Profit on Sale	2	1,417,860
Research & Development - Refundable Tax Offset	1,384,632	482,426
Interest Received	53,031	16,413
Other Income	0	22
Total	1,437,665	1,916,721

14. Income tax

The company is moving domicile from New Zealand to Australia and has sold the Chinese subsidiary, and so the company does not recognise a potential tax loss in these countries. However, Xref Limited has operating subsidiaries in Australia, the UK and Canada which are expected to accumulate tax losses prior to returning a profit.

	2017	2016
	\$	\$
a. Components of income tax expense		
Current year tax expense	-	716
Income tax profit and loss	-	716
b. Reconciliation of effective tax rate		
Profit/(loss) before income tax	(6,457,005)	(846,880)
Income tax using Company tax rates @30% (2015: 30%)		
Expected income tax expense (deferred tax asset)	(1,937,102)	(254,064)
<i>Adjustments:</i>		
Deferred tax asset not recognised	1,480,694	417,505
Permanent differences	(1,563,622)	(163,441)
Interest RWT unable to claimed	-	716
Current year income tax expense	-	716

	Australia	UK	Canada	NZ	Total
	\$	\$	\$	\$	\$
2016					
Losses BF	(263,386)	-	-	-	(263,386)
Current year loss	(333,250)	(363,246)	(98,298)	(52,802)	(847,596)
Accumulated Losses	(596,636)	(363,246)	(98,298)	(52,802)	(1,110,982)
Permanent Tax Difference	(740,555)	-	-	55,359	(685,196)
Timing Differences	274,501	-	-	-	274,501
Taxable Loss CF	(1,062,690)	(363,246)	(98,298)	2,557	(1,521,677)
Tax Rates	0	0	0	0	
Calculated Deferred Tax Asset	(318,807)	(72,649)	(26,049)	716	(416,789)
Tax Expense	-	-	-	(716)	(716)
Potential Deferred Tax Asset	(318,807)	(72,649)	(26,049)	-	(417,505)
2017					
Losses BF	(596,636)	(363,246)	(98,298)	(52,802)	(1,110,982)
Current year loss	(4,214,732)	(858,947)	(727,344)	(655,982)	(6,457,005)
Accumulated Losses	(4,811,368)	(1,222,193)	(825,642)	(708,784)	(7,567,987)
Permanent Tax Difference	1,544,624	1,221	17,777		1,563,622
Timing Differences	404,576	17,950	13,336	112,655	548,518
Taxable Loss CF	(2,862,168)	(1,203,021)	(794,529)	(596,129)	(5,455,847)
Tax Rates	30%	20%	27%	28%	
Calculated Deferred Tax Asset	(858,650)	(240,604)	(214,523)	(166,916)	(1,480,694)
Tax Expense	-	-	-	-	-
Potential Deferred Tax Asset	(858,650)	(240,604)	(214,523)	(166,916)	(1,480,694)

e. Income tax payable/(receivable)

Provisional tax and RWT paid

Closing balance

2017	2016
\$	\$
-	-
-	716
-	716

e. NZ Imputation credits

Closing balance

2017	2016
\$	\$
-	15,948
-	15,948

f. Deferred tax assets and liabilities

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax losses or credits. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full.

The company has not yet raised a deferred tax entry as the company is not certain whether the tax losses carried forward can be utilised in the foreseeable future.

15. Cash and cash equivalents

Cash at bank and in hand

Rental bonds

Bank overdrafts

Total cash and cash equivalents

2017	2016
\$	\$
3,999,066	2,200,335
70,507	70,507
-	(10)
4,069,573	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, this balance has been netted in the 2017 Statement of Financial Position.

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

Term deposits are for a period of 3 years and serve as security for leased premises maturing at renewal dates. Interest is paid annually

16. Trade debtors and other receivables

	2017	2016
	\$	\$
Trade debtors	1,199,661	220,114
Related party receivables	1,499	25,995
Research and development incentive grant	1,384,632	655,717
Other receivables	30,292	42,234
Total	2,616,084	944,060

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

All receivables are subject to credit risk exposure.

The maximum exposure to credit risk at the reporting date is the carrying amount of trade debtors and other receivables as disclosed above. The Group does not hold any collateral as security.

As at 30 June 2017, the ageing analysis of trade receivables is detailed as follows:

	2017	2016
	\$	\$
0 to 3 months overdue	294,089	26,747
3 to 6 months overdue	57,749	
Over 6 months overdue	-	-
Total	351,839	26,747

The Group's management considers that all financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Group's financial assets are secured by collateral or other credit enhancements.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

There was no impairment as at 30 June 2017 (2016: No impairment recognised).

17. Property, plant and equipment

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

	Computer Equipment	Office Equipment	Office Furniture	Office Fitout	Total
Consolidated	\$	\$	\$	\$	\$
Balance at 1 July 2015	-	18,614	-	-	18,614
Additions	30,114	83,234	22,979	10,941	147,268
Disposals	-	(5,349)	-	-	(5,349)
Revaluation increments	-	-	-	-	-
Depreciation expense	(3,938)	(15,909)	(486)	(256)	(20,589)
Balance at 30 June 2016	26,176	80,590	22,493	10,685	139,944
Additions	93,485	7,982	16,994	1,343	119,803
Disposals	-	(506)	-	-	(506)
Depreciation expense	(25,250)	(18,085)	(2,248)	(1,103)	(46,686)
Balance at 30 June 2017	94,411	69,980	37,239	10,925	212,556

18. Intangibles

	2017 \$	2016 \$
Domain: Xref.com	101,681	0
Less: impairment	0	0
Total	101,681	0

Xref issued 200,554 shares at \$0.507, being \$101,681 to Jeffery Robert Di Donato on the 10th May 2017 as consideration for the payment of the purchase price of the domain name xref.com. The value of consideration payable in share capital has been classified as an intangible asset.

19. Trade creditors and other payables

	2017	2016
	\$	\$
Trade payables	571,166	291,904
Non trade payables and accrued expenses	556,904	165,414
Amounts withheld from salaries and wages	481,441	21,070
GST Payable	31,991	44,050
Total	1,641,502	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.

20. Employee entitlements

	2017	2016
	\$	\$
Current		
Long Service Leave Provision	22,436	-
Annual leave entitlements	162,725	62,922
Total	185,161	62,922

Short-term employee entitlements represent the Group's obligation to its current and former employees that are expected to be settled within 12 months of balance date. These consist of accrued holiday entitlements at the reporting date.

21. Unearned revenue

	2017	2016
	\$	\$
Balance Brought Forward	903,566	482,316
Unearned Revenue Movement:		
Credits Sold	4,107,518	1,734,426
Opening Conditional Credits	205,132	83,949
Credits Used	(2,200,318)	(1,191,993)
Closing Conditional Credits	(1,085,263)	(205,132)
Net Unearned Revenue Movement	1,127,069	421,250
Opening Balance Revaluation due to change in foreign exchange rates	(382)	-
Balance Carried Forward	2,030,253	903,566

22. Share capital - Xref Limited

	Number of Shares	Issue Price \$	Average Issue Price \$/Share
Opening Balance 2015	834,929,348	18,733,002	0.022
Consolidation (1 for 50)	16,698,587		
Rounding after Consolidation	81		
Issued to redeem Xref Pty Ltd Convertible notes	3,575,000	572,000	0.160
Issued for Cash	20,000,000	4,000,000	0.200
Issued for Acquisition of Xref Pty Ltd	50,000,000	2,525,000	0.051
Capital Raising Costs - King Solomon Mines	-	-735,295	
Capital Raising Costs - Xref Pty Ltd	-	-51,730	
Closing Balance 2016	90,273,668	25,042,977	0.277
	Number of Shares	Issue Price \$	Average Issue Price \$/Share
Opening Balance 2016	90,273,668	25,042,977	0.277
Shares Issued for Cash	11,428,571	8,000,000	0.700
Performance rights Conversion	16,666,667	83,333	0.005
Capital Raising Costs	-	-540,000	
Issued for acquisition of domain name	200,554	101,681	0.507
Closing Balance 2017	118,569,460	32,687,991	0.022

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.

Xref issued 200,554 shares at \$0.507 to Jeffery Robert Di Donato on the 10th May 2017 as consideration for the payment of the purchase price of the domain name xref.com

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.

23. Other equity reserves

	2017	2016
	\$	\$
Share Options Reserve	569,096	297,802
Performance Right Reserve	350,000	433,333
Foreign Currency Translation Reserve	(34,915)	16,947
Consolidation Reserve	(22,845,821)	(22,845,821)
Total	(21,961,640)	(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 for 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 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
	50,000,000	433,333	0.009
Less Conversion Event	(16,666,667)	(83,333)	
Performance right reserve balance	33,333,333	350,000	0.105

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 Credit Sales 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).

The Class B Conversion Event was achieved and the Class B shares were issued 10 March 2017.

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.

The key inputs used in the binomial valuation of the Xref PR's are summarised in the table below.

Grant date	20/01/2016
Expiry date - Class A	20/07/2018
Expiry date - Class B	20/01/2018
Expiry date - Class C	20/01/2021
Xref share value at issue	\$0.03
Share price hurdle (150% above the issue price)	\$0.50
Period over which the VWAP must exceed the share price hurdle	20 days
Expected volatility	60% to 70%
Risk free rate	2.09%
Dividend yield	0.00%

Class C options were considered based on likelihood of reaching the target EBITDA and a Nil valuation adopted. 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 2.72 Years.

c. Share option reserve

Issued option and movements of options are shown below:

	Issue Date	Expiry date	Average exercise price in \$A per share	Options	Option Reserve \$A
Consolidation (1 for 50)		29 July 2016	6.000	32,000	92,160
Granted	1 February 2016	1 February 2019	0.230	3,908,909	199,354
Granted - Class A	1 February 2016	1 February 2019	0.230	300,000	3,144
Granted - Class B	1 February 2016	1 February 2019	0.230	300,000	3,144
Closing Balance		30 June 2016	0.271	4,540,909	297,802
At 1 July 2016		29 July 2016	0.120	32,000	92,160
At 1 July 2016		1 February 2019	0.230	4,508,909	220,942
Expired		29 July 2016	0.120	(32,000)	(92,160)
Granted	7 December 2016	25 November 2022	0.700	2,500,000	67,576
Granted	7 December 2016	25 November 2021	0.700	5,400,000	280,578
Closing Balance		30 June 2017	0.529	12,408,909	569,096

The options have been valued using a binomial options method, using the following assumptions:

Listing date (re-listing as Xref Limited)	9/02/2016
Price history for volatility determination	2.47yr
Grant date	26/11/2016
Measurement date	26/11/2016
Exercise price	\$0.70
Expiry date	25/11/2021
Life of option	5.00 yr
Price of underlying shares at measurement date	\$0.47
Risk free rate = 5 year Government Bond (26/11/2016)	2.19%
Expected volatility	40%
Dividends expected on the shares	Nil
Listing date (re-listing as Xref Limited)	09/02/2016
Price history for volatility determination	5.00yr
Grant date	25/11/2016
Measurement date	25/11/2016
Exercise price	\$0.70
Expiry date	25/11/2016
Life of option	6.00 yr
Price of underlying shares at measurement date	\$0.47
Risk free rate = 5 year Government Bond (26/11/2016)	2.7%
Expected volatility	40%
Dividends expected on the shares	Nil

Class A Vesting Event is the same as a Performance Right 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 Credit Sales of \$A2,500,000 or more.

Class B Vesting Event is the same as a Performance Right 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). The Class B Conversion Event was achieved and the Class B shares were issued 10 March 2017.

Class A and B option expense is being recognised over the two years during which the options may be exercised. If the options were to be exercised, the full remaining option expense if any would be immediately recognised and the Option Reserve figure transferred to Issued Capital.

Option movements during the year

On the 29th July 2016, 92,160 options expired.

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. Chairman Brad Rosser was issued with 7,000,000 with 4,500,000 expiring on the 25th November 2021 and 2,500,000 expiring on the 25th November 2022. Nigel Heap was issued 900,000 options, all expiring on the 25th November 2021. 300,000 of the options issued to Nigel Heap vested on the 25th November 2016.

Option movements during the previous year

The 2,000,000 options issued to Directors and an employee lapsed.

At 30 June 2015, the remaining 1,600,000 options had an historical value of \$92,160 carried in the Options Reserve (based on the Black Scholes valuation model; assuming a stock volatility ranging between 80% to 120% depending on time of grant)

Options Vested and therefore exercisable

Source	Expiry Date	2017	2016
BF from King Solomon Mines Limited & Consolidated (1 for 50)	29 July 2016	32,000	32,000
Acquisition of Xref Pty Ltd	1 February 2019	3,908,909	3,908,809
Options Vested – Tim Mahoney	1 February 2019	300,000	
Options Vested – Nigel Heaps	25 November 2021	300,000	
		<u>4,540,909</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.

24. Dividends

The following dividends were declared and paid by the Parent.

\$0.00 per ordinary share (2016: \$0)

2017	2016
\$	\$
-	-

25. Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The Group recorded losses for the years ended 30 June 2016 and 30 June 2017. 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.

The following reflects the income and share data used in the basic and diluted EPS computations:

	2017	2016
	\$	\$
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	(6,507,740)	(845,242)
Discontinued operations	(113,622)	(2,354)
Profit attributable to ordinary equity holders of the parent for basic earnings	(6,621,362)	(847,596)
Weighted average number of ordinary shares for basic EPS	15,067,814	50,919,627
Weighted average number of ordinary shares adjusted for the effect of dilution	15,067,814	50,919,627

26. Financial instruments

a. Financial instrument risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity Risk
- Market Risk

The Group are exposed to market risk through their use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

The Group have a series of policies to manage the risk associated with financial instruments. Policies have been established which do not allow transactions that are speculative in nature to be entered into and the Group are not actively engaged in the trading of financial instruments. As part of this policy, limits of exposure have been set and are monitored on a regular basis.

i. Credit risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss.

The Group have no significant concentration of risk in relation to cash and cash equivalents, trade debtors and other financial assets.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls.

Further details in relation to the credit quality of financial assets is provided in Note 16.

ii. Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations as they fall due. The Group manages liquidity risk by managing cash flows and ensuring that adequate cash is in place to cover any potential short falls.

Based on the Group's initial expansion plans as outlined in the original prospectus along with forecasts prepared following the successful capital raise of \$4m (before costs) in January 2016 sufficient cash was on hand at 30 June 2016 to fund these plans. Following another successful capital raise of \$8m (before costs) in August 2016 the Group's expansion plans have changed to take advantage of this increased cash position. As at the date of this report the Group has sufficient cash on hand to fund its planned expansion.

The Group has sufficient cash on hand to fund planned expansion.

iii. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

iv. Foreign exchange risk

The Group is exposed to fluctuations in foreign currency exchange rates as a result of maintaining foreign currency denominated bank accounts and entering into foreign currency transactions. Thus, the Group will incur a foreign exchange gain or loss each year due to the appreciation and depreciation of the Australian dollar relative to other currencies including the United States dollar, the Canadian dollar, the UK Pounds Sterling and the New Zealand dollar.

The exposure to currencies of the Group is as follows:

	2017	2016
	\$	\$
Canadian dollars	37,130	13,853
UK Pound Sterling	56,284	60,889
New Zealand Dollars	1,507	34,552
Chines Yuen	-	12,727
Total	94,921	122,021

The potential impact on the bank accounts, net deficits and equity movements in foreign currency exchange rates (calculated by applying the change in foreign exchange rate to foreign currencies held at balance date) is indicated below:

Potential Foreign Exchange Rate Fluctuation	5%	10%	20%
Impact on valuation of holding in:	\$	\$	\$
Canadian dollars	1,857	3,713	7,426
UK Pound Sterling	2,814	5,628	11,254
New Zealand Dollars	75	151	301
Total impact of potential change in exchange rate	4,746	9,492	18,984

b. Measurement of financial assets

The Group would normally require the determination of fair value for the assets designated available for sale. These are subject of a contract for sale and carried at that net valuation of RMB 10 (AUD 2) This sale agreement was executed in March 2017 for the written down value of \$2 AUD.

27. Reconciliation of cash flows from operating activities

	2017	2016
	\$	\$
Profit/(loss) for the year	(6,457,005)	(847,596)
<i>Add/(deduct) non-cash items</i>		
Depreciation, amortisation and impairment	46,180	17,309
Interest on Convertible Notes	-	22,000
Option expense	363,454	21,588
Foreign exchange	(56,853)	65,048
Unearned revenue	1,127,069	421,250
Profit on acquisition	-	(1,417,860)
Other non-cash items		
<i>Add/(deduct) movements classified as investing activities</i>		
(Profit)/loss on sale of property, plant and equipment		
<i>Add/(deduct) movements in working capital</i>		
(Increase)/ decrease in trade debtors and other receivables	(1,572,024)	(679,191)
(Increase)/ decrease in prepayments	(140,488)	(49,790)
(Increase)/ decrease in other financial assets	(26,531)	(48,467)
Increase/ (decrease) in trade creditors and other payables	1,055,496	518,101
Increase/ (decrease) in employee entitlements	122,239	54,134
(Increase)/ decrease in other financial liabilities	21,470	44,615
Net cash flows from/ (used in) operating activities	(5,516,992)	(1,878,859)

28. Contingent assets and contingent liabilities

The Group has no contingent assets or liabilities at 30 June 2017 (2016: \$Nil).

29. 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:

a. Purchase of services

	Group	
	2017	2016
	\$	\$
Directors	1,131,443	576,959
Key management personnel	394,097	68,260
Other related parties	19,396	92,571
Total purchase of services from related parties	1,544,936	737,790

b. Year end receivable/ (payable) with related parties

	2017	2016
	\$	\$
<i>Receivable from related parties:</i>		
Directors	1,499	25,995
Total	1,499	25,995
<i>Payable to related parties:</i>		
Other related party	-	8,491
Directors	-	-
Total	-	8,491

c. Other related party balances

Directors

Loans to directors for the year ended 30 June 2017 amounted to \$1,499 (2016: \$25,995). The loan was repaid in full on 7th July 2017.

d. Key management compensation

The Parent and Group have a related party relationship with its key management personnel. Key management personnel include the Parent's Board of Directors and the Chief Financial Officer.

Key management personnel compensation includes the following expenses:

	Group	
	2017	2016
	\$	\$
Salaries and other short-term employee benefits	1,525,540	645,219
Total	1,525,540	645,219

30. Parent Information

	2017	2016
	\$	\$
Result of the parent entity		
Loss for the year	(7,810,612)	(592,336)
Other Comprehensive Income	1,437,665	-
Total comprehensive loss for the year	(6,372,947)	(592,336)
Financial position of the parent entity at year end		
Current assets	6,878,234	3,794,927
Non Current assets	389,234	3,530,335
Total assets	7,267,468	7,325,262
Current Liabilities	1,973,428	(21,930)
Non Current Liabilities	2,043,356	
Total Liabilities	4,016,784	(21,930)
Total equity of the parent entity comprising of:		
Share Capital	32,687,991	25,094,707
Reserves	(21,931,916)	731,135
Accumulated Losses	(7,505,391)	(18,522,510)
Retained Earnings	(7,505,391)	(18,522,510)

Parent entity contingencies

There are no contingencies for the parent entity in 2017 or 2016.

Parent entity guarantees

There are no guarantees entered into by the parent entity in relation to the debts of its subsidiary Inner Mongolia Plate Mining Limited or any other Xref subsidiary in 2017 or 2016.

Parent entity capital commitments for acquisition of property, plant and equipment

There are no capital commitments for the parent entity in 2017 or 2016.

31. Commitments

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

Non-cancellable operating leases are payable as follows:

Less than one year

Later than one year and not greater than two years

Later than two years and not greater than five years

Total

Group	
2017	2016
\$	\$
257,357	268,888
104,480	257,900
	99,363
361,837	626,151

The Group had no other commitments at 30 June 2017 (2016; \$Nil).

32. Events after the reporting period

On 2 August 2017, Xref Limited raised \$7,500,000 before share placement costs through a placement to Australian institutions and sophisticated investors at a price of 60c per share.

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

Corporate Directory

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New Zealand

Website

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DIRECTORS

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

Sharon Blesson
Chief Operating Officer

COMPANY SECRETARY

Robert Waring

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STOCK EXCHANGE

The company's
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