

XREF



ANNUAL
REPORT 2018



With Xref, clients
make **more confident,**
smarter decisions.

CONTENTS

2018 Highlights	2
Chairman's Report	4
Chief Executive Officer's & Chief Technology Officer's Report	6
Directors' Report	10
Independence Declaration	26
Financial Statements	27
Notes to the Financial Statements	34
Directors' Declaration	76
Independent Auditor's Report	77
Shareholder Information	82
Corporate Directory	86

2018 Highlights

Total Sales

\$7.1 million

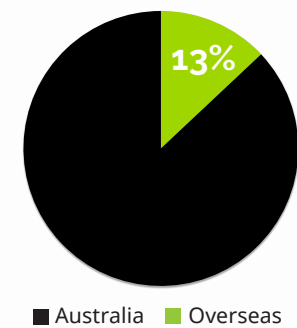
72% ↑
TOTAL ANNUAL GROWTH

Recognised Revenue

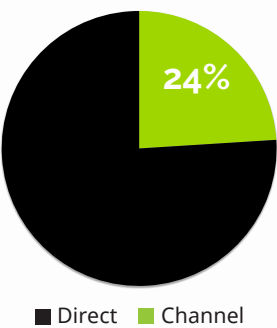
\$4.8 million

63% ↑
TOTAL ANNUAL GROWTH

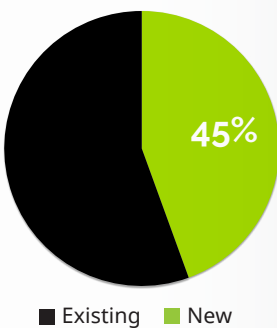
Overseas Sales



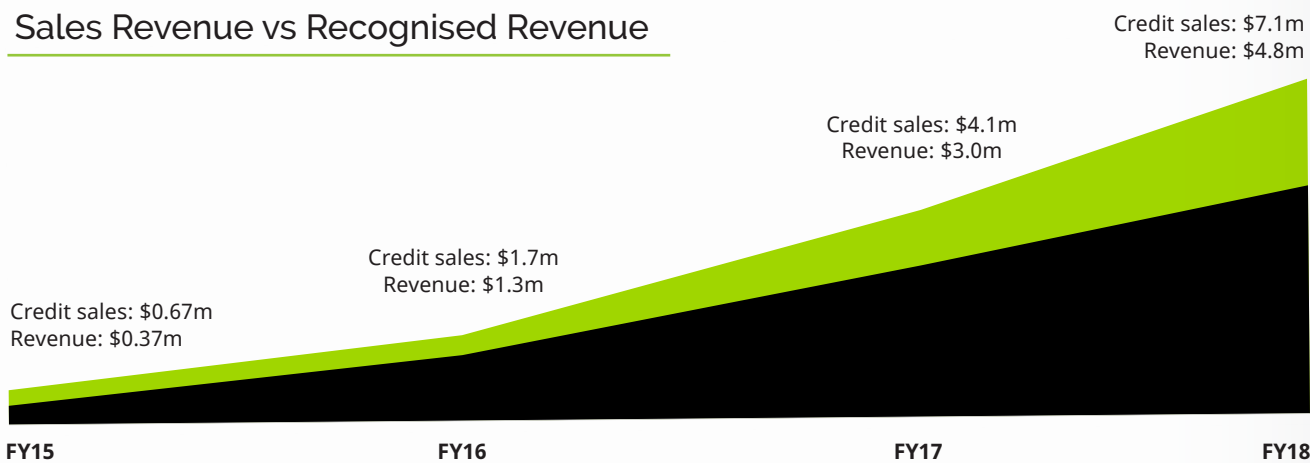
Channel Sales



New Client Sales



Sales Revenue vs Recognised Revenue



Under Xref's business model, clients purchase Xref credits to use our candidate referencing platform. These credit sales are reported initially as unearned income, and when clients pay for the credits, this is recognised as cash receipts. The credits are consumed when reference checks are ordered, and credit usage becomes recognised revenue.

KEY METRICS

ANNUAL REVENUE PER ACCOUNT (ARPA)



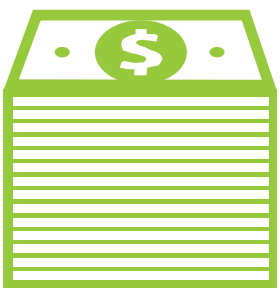
New clients acquired during FY18 contributed an ARPA of **\$8,4k**, while for clients in their second, third and fourth year their ARPA has grown to **\$9.5k**, **\$12.5k** and **\$17.9k** respectively.

\$9.5K

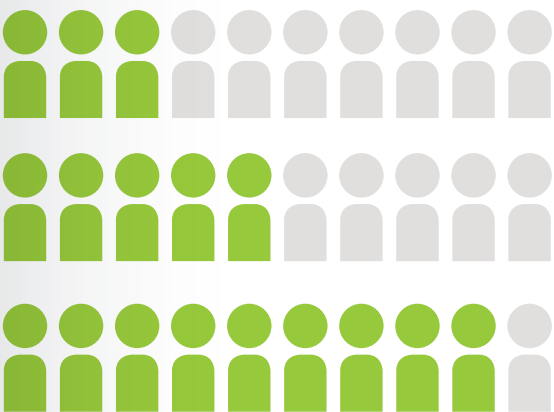


Acquired FY17

\$17.9K



Acquired FY15



CLIENT ADOPTION

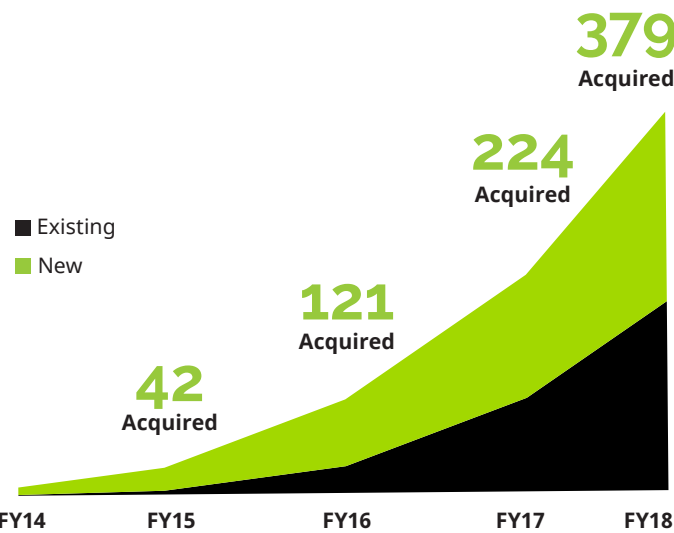


The adoption rate for newly acquired clients is **29%** in their first year. For clients in their second, third and fourth years adoption rates have grown to **32%**, **58%** & **89%** respectively. Overall client adoption was **38%** at the end of the financial year.

CLIENT ACQUISITION



Client acquisition continued to strengthen and at 30 June 2018, more than **750** direct paying clients were using our services globally. Use of integrations to access Xref also more than doubled in the final quarter of FY18 alone and at the end of the financial year **136** clients use our platform through channel partners.



Chairman's Report



Welcome to Xref's third annual report.

This has been another year of great success for Xref. We are capitalising on a unique position in the global human resources technology market, providing a fully API-driven, software as a-service platform that simplifies the way employers seek references. We automate one of the most difficult, time-consuming recruitment processes – obtaining candidate references – and provide intuitive, data-driven insights for human resources practitioners.

Technological change is creating massive opportunities for growth, particularly within the \$14 billion human resources software sector. Globally, many organisations are transitioning to the cloud, creating opportunities for companies such as Xref, which has a first-mover advantage, to serve the growing data-driven recruiting sector.

Strong sales and client growth

It is with great pleasure that we report credit sales for the year of \$7.1 million, up 72% when compared to FY17. The rapid rate of Xref's organic growth can truly be seen in the fact that sales revenue for just the last week of FY18 was almost equal to the sales revenue generated during the entire year of FY15, before the company's listing on the ASX.

Xref now supports over 750 direct paying clients as well as those businesses accessing our platform through our 13 established channel partners. Sales via channel partners now contribute over 20% of sales revenue which enables us to expand worldwide cost-effectively. Xref's strong client acquisition and retention are testament to the value of our powerful technology platform.

We delivered strong growth in Australia, and international sales continued to ramp up faster than Australian sales at the same stage of market development. We have focused on building skilled sales teams in Europe, the Nordics region and North America, that can replicate Australia's fast sales growth.

Technological leadership

I am excited by our team's ongoing innovation. Our newest product, People Search, for example, provides a leading analytics platform, helping employers and recruitment professionals efficiently make use of existing referee data in their Xref account, to find 'passive' candidates that meet top talent criteria. Identifying experienced and well-qualified candidates who may not be actively seeking employment is an ongoing challenge for the industry, this platform takes Xref users another step beyond traditional sourcing techniques.

Helping clients meet regulatory needs

The introduction of the General Data Protection Regulation (GDPR) in May 2018, marked one of the biggest collective shifts in the way businesses operate across the EU. Effective data management has become a key technology challenge for organisations globally. We are proud to offer the assurance of a fully GDPR-compliant reference checking process and actively support our clients' compliance with their regulatory obligations.

A dedicated team

Xref's strong growth has been possible because of the many positive skills and attributes of our staff. This includes - but doesn't end at - the human resources and recruitment specialists who ensure our teams really understand our customers, our technical experts who strive to continually improve and evolve the service we offer, and our customer success teams who offer unrivalled support for our clients around the clock. I would like to express my thanks for the dedication and ongoing enthusiasm of all our employees and to acknowledge their outstanding work over the past year.

I would also like to acknowledge the investors who participated in our August 2017 capital raising, as well as all our shareholders. Xref now has a strong 'institutional' register and our shareholders have been a vital ingredient in helping the Company to capitalise on its growth opportunity.

Ongoing growth

Having laid the foundations for strong and sustainable growth, an exciting path lies ahead. We now have a burgeoning business with unrivalled talent and technology, and a sustainable business structure and cost base. As we continue to expand and evolve, we are well positioned for growth in all markets. We look forward to further increasing market penetration, expanding our partner network and building a profitable global business.

Brad Rosser,
Chairman



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



Records for all key metrics

We are delighted to report another year of record results and incredible progress across all key business metrics. Sales of Xref credits increased more than 70% year-on-year to a record \$7.1 million in FY18, up from \$4.1 million in FY17. Recognised Revenue increased 63%, rising to \$4.8 million from \$2.9 million.

Client acquisition continued to strengthen, and at 30 June 2018, more than 750 direct paying clients were using our services globally, excluding those accessing our platform through our partner network. We also measure our growth success in terms of client adoption, based on the rate at which clients implement our services across their entire organisation. 45% of sales revenue was derived from new clients in FY18. Adoption rates for these new clients is already 29%. For clients in their second, third and fourth years adoption rates have grown to 32%, 58% and 89% respectively. Overall client adoption was 38% at the end of the financial year.

Business model

Xref's cloud-based software allows companies to harness the benefits of technology, supporting timely, data-driven decisions on talent acquisition and retention while reducing employers' exposure to security breaches, discrimination and potential fraud.

Under Xref's business model, clients purchase Xref credits to use our candidate referencing platform. These credit sales are reported initially as unearned income, and when clients pay for the credits, this is recognised as cash receipts. The credits are consumed when reference checks are ordered, and credit usage becomes recognised revenue.

Growing Average Revenue Per Account (ARPA)

Together with increased client acquisition and adoption, a sales focus on enterprise organisations and high-value sectors has contributed to an increase in Average Revenue Per Account (ARPA). This is another key benchmark by which we measure our progress. Our ability to increase penetration within existing clients' businesses, accessing a greater proportion of available hires, can be seen by comparing the ARPA for new and established clients.

New clients acquired during FY18 contributed an ARPA of \$8.4k, while for clients in their second, third and fourth year their ARPA has grown to \$9.5k, \$12.5k and \$17.9k respectively. Overall ARPA has grown to \$10k. This demonstrates clients' increased use of our platform over time and validates its value to their businesses.

Accelerating global growth

A highlight of the year was the opening of our Norwegian office in September 2017 to service the Nordic region, comprising Norway, Denmark, Sweden, Iceland and Finland. The Norwegian team has strong recruitment sector experience, and has already welcomed some extremely high-profile clients, including Clas Ohlsen, the Norwegian Refugee Council and Norwegian State Railways (NSB). The labour market in this region is approximately 30% larger than Australia's, so we are very excited about the opportunity to build on these early successes.

Our total addressable market includes more than 180 million people in North America, 120 million people in Europe, and 15 million people in Australia and New Zealand. Having opened our first international sales office in 2016, we now support clients from offices in Sydney, London, Oslo and Toronto and our services have been used by employers, recruiters candidates and their referees in over 190 countries across the world.

International sales represented 13% of the total achieved in FY18, and trends are showing that this proportion will continue to grow. During the year we introduced notable new clients in every region - in Australia and New Zealand, these included Incitec Pivot, NRMA, and Coca Cola Amatil New Zealand; in Europe, Shangri-La Hotel Group, UBM plc and Sanctuary Group; and new North American clients, Snapchat (Snap Inc.), Hays Canada, and SCM Insurance.

Channel expansion

The integration partner channel is an essential component of our global growth strategy. It allows enterprise companies to seamlessly embed the Xref solution into their human resources workflow. We help to educate partner sales teams so they become advocates for our services, providing a cost-effective way to win new clients.

Use of integrations to access Xref more than doubled in the final quarter of FY18 alone and at the end of the financial year 136 clients use our platform through channel partners, including Qantas, Westpac and the NSW Government.

In FY18, we commenced several new channel partnerships and our integration portfolio now includes some of the world's leading HR technology providers, including Bullhorn, Checkr, Equifax, Expr3ss!, iCIMS, Lever, Oracle Taleo, SmartRecruiters, SnapHire, Talent App Store, Workday and Zapier. In June 2018, we launched our latest platform integration with recruitment software provider, JobAdder, taking us to a total of 13 live integrations by the end of the year.

These platforms provide talent management solutions for more than 50,000 organisations worldwide. We participate in joint marketing activities with integration partners to promote Xref's platform, which can be easily accessed through partners' marketplaces.

During FY18, we also launched a public API platform to allow third-party organisations to more efficiently integrate their software with Xref. This reduces the time required to bring an integration with Xref's platform to market. Shortly after the close of the financial year, we announced our first public API-driven integration with recruitment solution provider, PeopleScout.

Increased scalability and product improvement

During the year we continually improved and refined our services, increasing scalability and security, and adding new language capabilities to our solution. We introduced the Sentiment Engine, which provides a graphical way to interpret written references and offers further insight into referees' responses, at a glance. We also beta launched People Search, a paid platform addition which offers users the ability to find and filter historical referee data that could present passive candidate targeting opportunities. Further platform updates introduced during the year included report branding, enhanced data analytics, enterprise security, GDPR compliance and improved user management features.

Cost management

While investing to support global growth, we have maintained a tight control over costs and cash outflows have been in line with anticipated budgets throughout the year. A new sales platform has significantly improved the speed of client acquisition, reducing the length of the sales cycle to secure new clients by 55% from 80 days to 39 days. Having expanded internationally to drive sales, our costs have now steadied as we experience significant revenue growth

We have continually refined our business processes to ensure that as we grow we become an increasingly lean organisation. We are focused on building for the future and expect to benefit from increased efficiencies in FY19 through greater scale.

Positive outlook for growth

We enter the new financial year in a very positive position. Our markets are growing, and we have a strong pipeline of new business opportunities across Australia and New Zealand, United Kingdom & the Nordics and in North America, supported by experienced, skilled teams. Our business is benefiting from faster client adoption, accelerating new client and integration sales, and ongoing renewals.

Importantly, we retain our first-mover advantage and have a unique, leading technology platform which consistently provides a high return on investment for clients backed by unrivalled customer support. The new financial year has started well with sales in line with management expectations. We wish to thank our clients, team and shareholders for their ongoing support as we continue to build a sustainable global business.



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



Tim Griffiths,
Chief Technical Officer,
Co-Founder



Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Xref Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

Directors

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

Brad Rosser (Chairman)
Lee-Martin Seymour
Timothy Griffiths
Timothy Mahony
Nigel Heap

Principal activities

During the financial year the consolidated entity continued to conduct its core activity which was to develop human resources technology that automates the candidate reference process for employers.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Result

The loss for the consolidated entity after providing for income tax amounted to \$8,912,898, and was within management expectations (30 June 2017: \$6,457,005).

Review of operations

Xref achieved strong sales growth during FY18 as it continued to invest for future growth.

HIGHLIGHTS OF THE FINANCIAL YEAR INCLUDED:

- > **Sales** - \$7.1 million, up 72% from \$4.1 million in FY17 with strong growth across Australia, New Zealand, Europe and North America. Sales cycle improved by 55%, reducing from 80 days to 39 days.
- > **Recognised Revenue** - increased 63% to \$4.8 million from \$2.9 million in FY17.
- > **Client Acquisition** - continued to strengthen. At year end more than 750 direct paying clients were using Xref's services globally, excluding those accessing the platform via a partner network.
- > **Average Revenue Per Account (ARPA)** - increased as a result of growing platform adoption.
- > **Offices** - Oslo office opened to service the Nordic region.
- > **Integration Partners** - more than doubled to 13, including some of the world's leading applicant tracking systems. Landmark partnership with San Francisco-based Checkr, enabling North American background checks via the Xref platform.
- > **Platform** - new features and products, including Sentiment and People Search and public API to expedite third-party integrations.
- > **Funding** - successful capital raising of \$7.5 million in August 2017.

Strong global growth

Xref continues to invest to build global scale, capitalising on its unique software platform. The Company's fully API-enabled solution allows clients to achieve time and cost savings by connecting their human resources workflow systems through the internet.

During this financial year, Xref improved its performance against three key business metrics that guide the Company's global growth and progress towards profitability – client acquisition, client adoption and AveARPA)

Client acquisition strengthened and, at 30 June 2018, more than 750 direct paying clients were using our services globally. Use of integrations to access Xref also more than doubled in the final quarter of FY18 alone and at the end of the financial year 136 clients use our platform through channel partners.

Client adoption increases over time. It is measured by comparing the use of Xref credits as a percentage of a client organisation's total expected hires over a year. 45% of sales revenue was derived from new clients in FY18. Adoption rates for these new clients is already 29%. For clients in their second, third and fourth years adoption rates have grown to 32%, 58% & 89% respectively. Overall client adoption was 38% at the end of the financial year.

Average Revenue Per Account of new clients acquired during FY18 was \$8.4k, while for clients in their second, third and fourth year their ARPA has grown to \$9.5k, \$12.5k & \$17.9k respectively. Overall ARPA has grown to \$10k.

Large addressable market

Clients across APAC, EMEA and North America are serviced from offices in Sydney, London, Toronto and, from September 2017, Oslo. The decision to introduce a physical presence in Oslo came in response to unsolicited demand for the Xref service in the region. Xref has a large addressable market, including more than 180 million people in North America, 120 million people in Europe, and 15 million people in Australia and New Zealand.

Technology improvement

The power of Xref's platform increased in FY18 adding new features and updates including report branding, enhanced data analytics, enterprise security, GDPR compliance and improved user management features. The Company is also introducing products that present new revenue opportunities, including People Search, a separate paid platform that helps employers identify potential passive candidates in their existing referee data.

Xref's partner channels expand

Collaboration with partners helps increase Xref's channels to market, and the company has focused on introducing integrations with some of the world's leading HR technology providers to build new business. These software systems are used by enterprises to manage talent acquisition. Sales via channel partners increased to contribute over 20% of the total sales in FY18, assisted by joint marketing campaigns with partners and other initiatives. Xref currently has 13 'live' partners that support more than 50,000 organisations worldwide, and the number is growing. Integrations increase adoption, and a public API was launched to allow third-party organisations to connect with Xref's platform more efficiently.

Finance and corporate

Cash outflows were within management expectations as the Company continued to build global scale. The net loss for the year was \$8,912,898.

In July 2017 and March 2018, the Company invited eligible employees to participate in the Xref Employee Option plan.

Following 100% acceptance of the offer on both occasions, 1,055,449 and 2,749,782 new employee share options were issued.

In August 2017, Xref completed a \$7.5 million capital raising which closed oversubscribed.

In September 2017, Xref opened its office in Oslo, Norway to service the Nordic region.

While Xref’s business has always been headquartered in Australia, the company moved its domicile from New Zealand to Australia on 21 September 2017.

In March 2018, executive directors Lee-Martin Seymour and Tim Griffiths sold 9,847,517 and 9,847,516 shares respectively, to meet demand from institutional investors. Following completion of the sale, they have entered into a voluntary agreement with Xref which restricts any further sale of shares before the announcement of the company’s FY19 results (i.e. September 2019).

Matters subsequent to the end of the financial year

In August 2018, the Board gave approval to issue further invitations to eligible employees to participate in the Xref Employee Option plan. Should 100% of the invitations be accepted 1,275,569 new employee share options will be issued

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

Likely developments and expected results of operations

Xref anticipates continued growth across all business metrics and, with a strong pipeline of new business opportunities across all the markets within which it operates, we are confident about the year ahead.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name: Lee-Martin Seymour	
Title:	Managing Director and Chief Executive Officer
Qualifications:	None
Experience and expertise:	Lee-Martin Seymour is a co-founder of Xref. He has 18 years recruitment experience across many geographic and market sectors. For 12 years Lee worked for one of the world’s largest specialist recruitment companies. As a result he understands the demands of the employment market and is passionate about pioneering positive change for the long term. As a serial entrepreneur Lee has identified and successfully leveraged market opportunities to aid innovation in the employment sector.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Remuneration & Nomination Committee
Interests in shares:	30,857,612 ordinary shares
Interests in options:	None
Contractual rights to shares:	8,333,333 performance rights

Name: Timothy Griffiths	
Title:	Chief Technology Officer
Qualifications:	MBA
Experience and expertise:	Timothy Griffiths is a co-founder of Xref. Mr Griffiths, an MBA-qualified technologist, has 21 years’ experience advising companies, including Virgin and SkyTV. He worked for Benchmark Capital providing technical diligence for high tech start-up investment and was co-founder of media company a2a plc, which floated on the UK stock market. More recently Tim was CIO for Jcurve Solutions, an Australian cloud NetSuite ERP provider.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	30,857,613 ordinary shares
Interests in options:	None
Contractual rights to shares:	8,333,333 performance rights

Name: Brad Rosser	
Title:	Chairman
Qualifications:	BCom, MBA
Experience and expertise:	Brad Rosser is a business builder and entrepreneur who worked for McKinsey and Co from 1992 to 1995 before working directly for Richard Branson as Director of Corporate Development for Virgin from 1995 to 1999, helping to identify and implement start-up businesses. He holds an MBA from Cornell University’s Johnson Graduate School of Management and a Bachelor of Commerce (Honours) from the University of Western Australia.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit & Risk Committee and member of the Remuneration & Nomination Committee
Interests in shares:	None
Interests in options:	7,000,000
Contractual rights to shares:	None

Name: Tim Mahony	
Title:	Non-Executive Director
Qualifications:	BFinAdmin
Experience and expertise:	Timothy Mahony spent 18 years in investment banking, specialising in capital markets and debt trading. Tim has been involved, as investor or founder, in a number of technology start ups, either successfully exiting the business or growing the business to a mature growth phase. He is a founder and director of Globalx Information, a digital information company providing information, software and services to the legal, corporate and spatial markets throughout Australia and the UK.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit & Risk Committee and member of the Remuneration & Nomination Committee
Interests in shares:	1,650,000 ordinary shares
Interests in options:	900,000
Contractual rights to shares:	None

Name: Nigel Heap	
Title:	Non-Executive Director
Qualifications:	LLB,AMP
Experience and expertise:	Nigel Heap is the UK Ireland Managing Director, and Chairman of the Asia Pacific business, of Hays plc, the leading global professional recruitment group, and a member of the group's management board. He joined Hays in 1988 and over the last 20 years has successfully led the growth of the Asia-Pacific business. He has completed INSEAD's Advanced Management Program and holds a Bachelor of Laws from Manchester University.
Other current directorships:	Hays UK Ltd
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit & Risk Committee
Interests in shares:	18,000 ordinary shares
Interests in options:	900,000
Contractual rights to shares:	None

‘Other current directorships’ quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

‘Former directorships (last 3 years)’ quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Key Management Personnel

Chief Financial Officer
Mr James Solomons, BComm, FCA, CTA, GAICD

James is a chartered accountant with over 18 years of experience within the accounting & corporate finance industry. He has held various roles within the sector and has positioned himself as a leader in the accounting technology space bringing with him to Xref over 3 years of experience as Xero Australia’s Head of Accounting. A successful entrepreneur in his own right James has a deep understanding of the need to find a balance between investing for growth whilst maintaining strong corporate governance processes across the business.

Company Secretary

Mr Robert Waring, BEc, ACA, FCIS, ASIA, FAICD

Robert has over 40 years of experience in financial and corporate roles, including more than 25 years in company secretarial roles for ASX-listed companies. He is a director of Oakhill Hamilton Pty Ltd, a company that provides secretarial and corporate advisory services to a range of listed and unlisted companies. He is also the Company Secretary of ASX-listed companies Aeris Environmental Ltd, Vectus Biosystems Limited and Cobalt Blue Holdings Limited.

Meetings of directors

The number of meetings of the company’s Board of Directors (‘the Board’) and of each Board committee held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Lee-Martin Seymour	8	8	1	2	-	-
Timothy Griffiths	7	8	-	-	2	2
Timothy Mahony	8	8	2	2	2	2
Nigel Heap	8	8	-	-	1	2
Brad Rosser	7	8	2	2	-	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- > Principles used to determine the nature and amount of remuneration
- > Details of remuneration
- > Service agreements
- > Share-based compensation
- > Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- > competitiveness and reasonableness
- > acceptability to shareholders
- > performance linkage / alignment of executive compensation

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- > having economic profit as a core component of plan design
- > focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- > attracting and retaining high calibre executives
- > increasing return on assets as well as focusing the executive on key non-financial drivers of value

Additionally, the reward framework should seek to enhance executives' interests by:

- > rewarding capability and experience
- > reflecting competitive reward for contribution to growth in shareholder wealth
- > providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate Non-Executive Directors' remuneration be determined periodically by a general meeting. In the Prospectus dated 23th December 2015, noted on Page 18 the current maximum annual aggregate remuneration for directors was shown as \$200,000. This has changed and a resolution was passed at the 2016 AGM that the maximum aggregate cash-based remuneration payable to Non Executive Directors in any financial year be increased by A\$300,000 from A\$200,000 to A\$500,000.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- > base pay and non-monetary benefits
- > short-term performance incentives
- > share-based payments
- > other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

The Company's 2018 Annual Meeting ("AGM")

A Remuneration Report has been prepared for the 2018 year and a resolution will be put to the 2018 AGM to ask shareholders to approve it.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Xref Limited:

- > Lee-Martin Seymour – Managing Director & Chief Executive Officer
- > Timothy Griffiths – Executive Director & Chief Technology Officer
- > Timothy Mahony – Non-Executive Director
- > Nigel Heap – Non-Executive Director
- > Brad Rosser – Chairman

And the Key Management Personnel:

- > James Solomons – Chief Financial Officer
- > Robert Waring – Company Secretary

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2018	\$	\$	\$	\$	\$	\$	\$

Non-Executive Directors:

Brad Rosser	149,081	-	-	-	-	373,027	522,108
Tim Mahony	51,815	-	-	-	-	9,042	60,857
Nigel Heap	55,000	-	-	-	-	35,576	90,576

Executive Directors:

Lee-Martin Seymour	271,167	25,000	-	23,750	-	-	319,917
Timothy Griffiths	270,000	25,000	-	23,750	-	-	318,750

Other Key Management Personnel:

James Solomons	270,000	25,000	-	23,750	-	103,107	421,857
Robert Waring	64,732	-	-	-	-	3,628	68,360
	1,131,795	75,000	-	71,250	-	524,380	1,802,425

	Short-term benefits	Post-employment benefits	Short-term benefits	Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
2017	\$	\$	\$	\$	\$	\$	\$

Non-Executive Directors:

Simon O'Loughlin (Chairman) *	12,500	-	-	-	-	-	12,500
Brad Rosser (Chairman)**	125,032	-	-	-	-	292,232	417,264
Timothy Mahony	54,555	-	-	-	-	15,300	69,855
Nigel Heap **	47,755	-	-	-	-	55,921	103,676

Executive Directors:

Lee-Martin Seymour	250,000	41,450	-	21,850	-	-	313,300
Timothy Griffiths	250,000	41,450	-	21,850	-	-	313,300

Other Key Management Personnel:

James Solomons	209,644	41,450	-	18,893	-	-	269,987
Robert Waring	71,715	-	-	-	-	-	71,715
	1,021,201	124,350	-	62,593	-	363,453	1,571,597

* Represents remuneration from 1 July 2016 to 18 August 2016

** Represents remuneration from 18 August 2016 to 30 June 2017

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2018	2017	2018	2017	2018	2017
Non-Executive Directors:						
Simon O'Loughlin (Chairman)	-	100%	-	-	-	-
Brad Rosser (Chairman)	100%	100%	-	-	-	-
Timothy Mahony	100%	100%	-	-	-	-
Nigel Heap	100%	100%	-	-	-	-
Executive Directors:						
Lee-Martin Seymour	92%	87%	8%	13%	-	-
Timothy Griffiths	92%	87%	8%	13%	-	-
Other Key Management Personnel:						
James Solomons	92%	85%	8%	15%	-	-
Robert Waring	100%	100%	-	-	-	-

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Consolidated entity performance and link to remuneration'. The maximum bonus values are established at the start of each financial year and amounts payable are determined in the final month of the financial year by the Nomination and Remuneration Committee.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Lee-Martin Seymour
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	1 July 2017
Term of agreement:	No fixed term
Details:	Base salary for the year ending 30 June 2018 of \$250,000 per annum, plus superannuation, plus \$20,000 car allowance to be reviewed annually by the Nomination and Remuneration Committee. 1 month termination notice by either party. Discretionary bonus may be paid as per Nomination and Remuneration Committee approval and KPI achievement. Non-solicitation and non- compete clauses exist.

Name:	Timothy Griffiths
Title:	Executive Director and Chief Technology Officer
Agreement commenced:	1 July 2017
Term of agreement:	No fixed term
Details:	Base salary for the year ending 30 June 2018 of \$250,000 per annum, plus superannuation, plus \$20,000 car allowance to be reviewed annually by the Nomination and Remuneration Committee. 1 month termination notice by either party. Discretionary bonus may be paid as per Nomination and Remuneration Committee approval and KPI achievement. Non-solicitation and non- compete clauses exist.

Name:	James Solomons
Title:	Chief Financial Officer
Agreement commenced:	1 July 2017
Term of agreement:	No fixed term
Details:	Base salary for the year ending 30 June 2018 of \$250,000 per annum, plus superannuation, plus \$20,000 car allowance to be reviewed annually by the Nomination and Remuneration Committee. 1 month termination notice by either party. Discretionary bonus may be paid as per Nomination and Remuneration Committee approval and KPI achievement along with ability to receive options in Xref Limited. Non-solicitation and non-compete clauses exist.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
26 September 2017	3/7/18	3 July 2021	\$0.58	\$0.3162
22 March 2018	12/2/18	1 February 2021	\$0.70	\$0.0697
22 March 2018	12/2/19	12 February 2022	\$0.70	\$0.0928
22 March 2018	12/2/20	12 February 2023	\$0.70	\$0.1120

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company. The number of options granted was determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Consolidated entity performance and link to remuneration'. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

	Number of options granted during the year	Number of options granted during the year	Number of options vested during the year	Number of options vested during the year
Name	2018	2017	2018	2017
Tim Mahony	-	-	300,000	300,000
Nigel Heap	-	900,000	300,000	300,000
Brad Rosser	-	7,000,000	2,000,000	-
James Solomons	2,500,000	-	1,000,000	-
Robert Waring	16,312	-	-	-

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year
Name	\$	\$	\$	%
James Solomons	223,328	-	-	24%
Robert Waring	3,667	-	-	5%

Performance rights

There were no performance rights over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2018.

There were no performance rights over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2018.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Timothy Mahony	1,650,000	-	-	-	1,650,000
Nigel Heap	18,000	-	-	-	18,000
Lee-Martin Seymour	32,371,795	-	8,333,334	(9,847,517)	30,857,612
Timothy Griffiths	32,371,796	-	8,333,333	(9,847,516)	30,857,613
James Solomons	9,000	-	-	-	9,000
Robert Waring	213,885	-	-	-	213,885
	66,634,476	-	16,666,667	(19,695,033)	63,606,110

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Brad Rosser	7,000,000	-	-	-	7,000,000
Timothy Mahony	900,000	-	-	-	900,000
Nigel Heap	900,000	-	-	-	900,000
James Solomons	-	2,500,000	-	-	2,500,000
Robert Waring	-	16,312	-	-	16,312
	8,800,000	2,516,312	-	-	11,316,312

Other transactions with key management personnel and their related parties

During the financial year;

Payments for accounting services from Verve Solutions Pty Ltd (related entity of James Solomons) of \$154,154 (ex GST) were made.

Payments for company secretarial services from Oakhill Hamilton Pty Ltd (related entity of Robert Waring) of \$64,732 (ex GST) were made.

All transactions were made on normal commercial terms and conditions and at market rates.

Performance Rights

Lee-Martin Seymour had A Class Performance Rights converted into 8,333,334 fully paid ordinary shares after the achievement of the performance milestones set out in the conversion events, as approved by shareholders at the 26 November 2015 EGM, and as detailed in the terms and conditions of the Company's B Class Performance Rights released to ASX on 4 December 2017. As at the date of this report there is a balance of 8,333,333 Performance Rights available for Lee-Martin Seymour.

Timothy Griffiths had A Class Performance Rights converted into 8,333,333 fully paid ordinary shares after the achievement of the performance milestones set out in the conversion events, as approved by shareholders at the 26 November 2015 EGM, and as detailed in the terms and conditions of the Company's B Class Performance Rights released to ASX on 4 December 2017. As at the date of this report there is a balance of 8,333,333 Performance Rights available for Timothy Griffiths.

This concludes the remuneration report, which has been audited.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 10 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 10 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- > all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- > none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Corporate Governance

The Group's Corporate Governance Statement and Appendix 4G checklist are released to ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Manual can be found on the Company's website at <https://xref.com/en/investor-centre/>.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Lee-Martin Seymour
Managing Director



Brad Rosser
Chairman

29 August 2018

Independence Declaration



Crowe Horwath Sydney
ABN 97 895 683 573
Member Crowe Horwath International

Audit and Assurance Services

Level 15 1 O'Connell Street
Sydney NSW 2000
Australia

Tel +61 2 9262 2155
Fax +61 2 9262 2190
www.crowehorwath.com.au

29 August 2018

The Board of Directors

Xref Limited
14/13 Hickson Street
Dawes Point
SYDNEY NSW 2000

Dear Board Members

Xref Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Xref Limited.

As lead audit partner for the audit of the financial report of Xref Limited for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Crowe Horwath Sydney
CROWE HORWATH SYDNEY

A Pather

ASH PATHER
Partner

Financial Statements

Statement of profit or loss and other comprehensive income for the year ended 30 June 2018

	Note	2018 \$	Consolidated 2017 \$
Revenue			
Sales - Credits Sold in Current Year		7,071,723	4,107,518
Less adjustment for Unearned Revenue		(2,225,723)	(1,127,069)
	9	4,846,000	2,980,449
Other income	13	1,849,140	1,437,665
Expenses			
Employee expenses		(9,170,013)	(5,418,895)
Overheads and administrative expenses	10	(6,359,098)	(5,409,076)
Depreciation, amortisation and impairment expenses	11	(78,927)	(46,181)
Loss before income tax expense from continuing operations		(8,912,898)	(6,456,038)
Income tax expense	14	-	-
Loss after income tax expense from continuing operations		(8,912,898)	(6,456,038)
Loss after income tax expense from discontinued operations	8	-	(967)
Loss after income tax expense for the year attributable to the owners of Xref Limited		(8,912,898)	(6,457,005)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(205,147)	(51,862)
Other comprehensive income for the year, net of tax		(205,147)	(51,862)
Total comprehensive income for the year attributable to the owners of Xref Limited		(9,118,045)	(6,508,867)
Total comprehensive income for the year is attributable to:			
Continuing operations		(9,118,045)	(6,507,900)
Discontinued operations		-	(967)
		(9,118,045)	(6,508,867)

**Statement of profit or loss and other comprehensive income for the year ended 30 June 2018
(continued)**

	Note	Consolidated	
		2018	2017
		\$	\$
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Xref Limited			
Basic earnings per share	26	(6.39)	(6.13)
Diluted earnings per share	26	(6.39)	(6.13)
Earnings per share for profit from discontinued operations attributable to the owners of Xref Limited			
Basic earnings per share		N/A	0.00
Diluted earnings per share		N/A	0.00
Earnings per share for loss attributable to the owners of Xref Limited			

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

Statement of financial position as at 30 June 2018

	Note	Consolidated	
		2018	2017
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	15	4,451,896	4,069,573
Trade and other receivables	16	3,144,727	2,616,084
Prepayments		229,886	192,620
Total current assets		7,826,509	6,878,277
Non-current assets			
Property, plant and equipment	17	322,105	212,357
Intangibles	18	117,953	101,681
Rental Bonds		120,196	74,998
Total non-current assets		560,254	389,036
Total assets		8,386,763	7,267,313
Liabilities			
Current liabilities			
Trade and other payables	19	1,646,024	1,641,502
Employee Entitlements	20	277,529	162,725
Superannuation payable		184,268	115,258
Lease Incentive		13,103	31,512
Unearned Revenue	21	4,268,871	2,030,253
Total current liabilities		6,389,795	3,981,250
Non-current liabilities			
Employee entitlements	22	52,622	22,436
Lease Incentive		-	13,103
Total non-current liabilities		52,622	35,539
Total liabilities		6,442,417	4,016,789
Net assets		1,944,346	3,250,524

Statement of financial position as at 30 June 2018 (continued)

	Note	2018	Consolidated
		\$	\$
Equity			
Issued capital	23	40,087,991	32,687,991
Other equity reserves	24	(21,754,920)	(21,961,640)
Accumulated losses		(16,388,725)	(7,475,827)
Total equity		1,944,346	3,250,524

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

Consolidated statement of changes in equity for the year ended 30 June 2017

	Share capital	Performance rights reserve	Share option reserve	Foreign currency translation reserve	Consolidation reserve	Retained profits	Total equity
Consolidated	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	25,042,977	433,333	297,802	16,947	(22,845,821)	(1,110,982)	1,834,256
Loss after income tax expense for the year	-	-	-	-	-	(6,457,005)	(6,457,005)
Other comprehensive income for the year, net of tax	-	-	-	(51,862)	-	-	(51,862)
Total comprehensive income for the year	-	-	-	(51,862)	-	(6,457,005)	(6,508,867)
Transactions with owners in their capacity as owners:							
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	-
Balance at 30 June 2017	32,687,991	350,000	569,096	(34,915)	(22,845,821)	(7,475,827)	3,250,524

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

Statement of changes in equity for the year ended 30 June 2018

	Issued capital	Performance rights reserve	Share option reserves	Foreign currency translation reserve	Consolidation reserve	Retained profits	Total equity
Consolidated	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	32,687,991	350,000	569,096	(34,915)	(22,845,821)	(7,475,827)	3,250,524
Loss after income tax expense for the year	-	-	-	-	-	(8,912,898)	(8,912,898)
Other comprehensive income for the year, net of tax	-	-	-	(205,147)	-	-	(205,147)
Total comprehensive income for the year	-	-	-	(205,147)	-	(8,912,898)	(9,118,045)
Transactions with owners in their capacity as owners:							
Shares Issued	7,500,000	-	-	-	-	-	7,500,000
Capital Raising Costs	(450,000)	-	-	-	-	-	(450,000)
Performance Rights	350,000	(350,000)	-	-	-	-	-
Options Issued	-	-	761,867	-	-	-	761,867
Balance at 30 June 2018	40,087,991	-	1,330,963	(240,062)	(22,845,821)	(16,388,725)	1,944,346

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

Statement of cash flows for the year ended 30 June 2018

	Notes	Consolidated 2018	Consolidated 2017
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		7,207,058	3,524,328
Payments to suppliers and employees (inclusive of GST)		(15,523,197)	(9,631,070)
		(8,316,139)	(6,106,742)
Interest received		117,452	53,031
Other revenue		1,731,688	482,426
Net cash used in operating activities	28	(6,466,999)	(5,571,285)
Cash flows from investing activities			
Payments for property, plant and equipment	17	(184,406)	(119,804)
Payments for intangibles	18	(16,272)	-
Cash from loans to other entities		-	31,416
Proceeds from disposal of property, plant and equipment		-	233
Net cash used in investing activities		(200,678)	(88,155)
Cash flows from financing activities			
Proceeds from issue of shares	23	7,500,000	8,000,000
Share issue transaction costs	23	(450,000)	(540,000)
Net cash from financing activities		7,050,000	7,460,000
Net increase in cash and cash equivalents		382,323	1,800,560
Cash and cash equivalents at the beginning of the financial year		4,069,573	2,270,832
Effects of exchange rate changes on cash and cash equivalents		-	(1,819)
Cash and cash equivalents at the end of the financial year	15	4,451,896	4,069,573

Notes to the Financial Statements

1. Reporting entity

Xref Limited is a limited liability company incorporated on 28 January 2003 and as at 21 September 2017 is domiciled in Australia. The address of its registered office is Unit 14, 13 Hickson Road, Dawes Point, New South Wales, Australia 2000.

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

2. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

a. Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

b. Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 32.

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

The financial statements are presented in Australian Dollars, which is Xref Limited's functional and presentation currency.

Foreign currency transactions

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 Australian Dollars are translated into Australian Dollars upon consolidation.

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

- i. 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;
- ii. 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
- iii. 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.

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.

Other receivables are recognised at amortised cost, less any provision for impairment.

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. 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.

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.

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 is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

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

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

g. Intangible assets

Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

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.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

h. 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.

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.

i. 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 its 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.

j. 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.

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

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”.

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.

k. 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.

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.

l. Employee benefits

Short-term employee benefits

Employee benefits, previously earned from past services, that the Group expect 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.

Share-based payments

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.

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

Rendering of services

The Group sells candidate reference credits to its customers. When customers use a credit, the service has been performed and revenue is recognised in the accounting periods in which the services are provided. Unused credits are recognised as unearned income in the financial statements.

Interest income

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

n. 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.

o. 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.

p. Income tax

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.

q. 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 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.

r. 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.

s. 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.

t. 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.

u. 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.

v. Going Concern

Notwithstanding the Group incurred a loss after tax for the year of \$8,912,898 (2017: \$6,457,005), the consolidated financial statements have been prepared on a going concern basis as the Group has a net asset position of \$1,944,346 (2017: \$3,250,524). The Group has an expectation that the sum of its activities will result in a positive cash position as at 30 June 2019, although a trading deficit is predicted. The Group has been able to demonstrate in previous years that they have been successful in raising capital when needed. In August 2017 \$7.5 million was raised before costs. The Directors remain confident that this can again be done when required to support the Groups continuing activities. The directors believe the Group can support its operating activities and pay its debts when they fall due in the next 12 months and the foreseeable future. As such the consolidated financial statements have been prepared on the going concern basis.

4. New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, and recognition of revenue when each performance obligation is satisfied. The consolidated entity has at this time performed an assessment of the performance obligations within current contracts and has assessed that there will be no material impacts on the way revenue is currently recognised.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. The consolidated entity has considered its financial assets and liabilities and does not believe that there will be any material impacts on the financial statements.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. The standard will impact the Group as it holds various leases for premises and assets. The full calculations of the impact have not yet been assessed as the nature of these contracts is subject to change. As the Group gets closer to the date of implementation, the Group will substantiate the effects to the financial statements.

5. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

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

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

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.

Management has determined that for the 2018 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 previously existed. The system that currently exists is not a standalone asset and is constantly evolving. Additionally, the codebase and infrastructure regularly changes to keep up with technological advances.

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.

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.

6. Group information

The preliminary consolidated financial statements of the Group include

Name	Principal activities	Principal place of business / Country of incorporation	Ownership interest	
			2018	2017
			%	%
Xref Limited	Candidate Referencing	Australia	100.00%	100.00%
Xref (AU) Pty Limited	Candidate Referencing	Australia	100.00%	100.00%
Xref (UK) Limited	Candidate Referencing	United Kingdom	100.00%	100.00%
Xref Referencing (CA) Limited	Candidate Referencing	Canada	100.00%	100.00%
Xref AS	Candidate Referencing	Norway	100.00%	-

a. Investments in subsidiaries

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

7. Operating segments

There is only one operating segment (candidate referencing) for the year ended 30 June 2018. 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

	2018	2017
	\$	\$
Credit sales to external customers		
Australia	6,150,386	3,844,059
Canada	455,107	120,864
United Kingdom	354,664	142,595
Norway	111,566	-
	7,071,723	4,107,518

	2018	2017
	\$	\$
Revenue from external customers		
Australia	4,316,355	2,889,087
Canada	222,011	23,124
United Kingdom	241,223	68,238
Norway	66,411	-
	4,846,000	2,980,449

	Consolidated	
	2018	2017
	\$	\$
Non-current operating assets		
Australia	390,283	207,128
Canada	104,842	22,125
United Kingdom	58,113	58,102
Norway	7,016	-
Total Non-current operating assets	560,254	287,355

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

8. Discontinued operations**Description**

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.

Financial performance information

	Consolidated	
	2018	2017
	\$	\$
Expenses	-	(967)
Loss before income tax expense	-	(967)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	-	(967)

Cash flow information

	Consolidated	
	2018	2017
	\$	\$
Net cash used in operating activities	-	(967)

9. Revenue**Revenue**

	Consolidated	
	2018	2017
	\$	\$
Rendering of services	4,846,000	2,980,449

10. Overheads and administrative expenses

	Consolidated	
	2018	2017
	\$	\$
Audit fees	90,678	111,352
Accounting	250,709	314,279
Directors fees	263,157	232,353
Legal fees	178,566	187,628
Marketing fees	1,559,137	1,486,865
Other Consultants	900,470	830,788
Share Option Expense	761,867	363,454
Administration expense	1,742,124	1,301,920
Foreign exchange loss	(76,477)	25,522
Operating lease payments	688,867	554,915
	6,359,098	5,409,076

	Consolidated	
	2018	2017
	\$	\$

Auditors remuneration

Fees charged by Audit Firm:

Financial statement audit and review	90,678	111,352
--------------------------------------	--------	---------

11. Depreciation, amortisation and impairment expenses

	Consolidated	
	2018	2017
	\$	\$
Depreciation of property, plant and equipment	78,927	46,181

12. Research and development costs

	Consolidated	
	2018	2017
	\$	\$
Research and development costs expensed	3,931,717	3,183,062

The Parent and Group research and development projects have focused on cloud-based solutions for candidate recruitment. Note 5 reflects the Groups policy on the expensing/ capitalisation of development costs.

Research and development costs expenses amount to \$3,931,717 (2017: \$3,183,063) of which \$3,145,694 (2017: \$2,420,768) are recognised in employee expenses.

13. Other income

Other Income

	Consolidated	
	2018	2017
	\$	\$
Profit on Sale	-	2
Research & Development - Refundable Tax Offset	1,710,297	1,384,632
Interest Received	117,452	53,031
Other Income	21,391	-
Other income	1,849,140	1,437,665

14. Income tax expense

The Company has moved domicile from New Zealand to Australia, and so the company does not recognise a potential tax loss in New Zealand. However, Xref Limited has operating subsidiaries in Australia, the UK, Norway and Canada which are expected to accumulate tax losses prior to returning a profit.

	Consolidated	
	2018	2017
	\$	\$

Numerical reconciliation of income tax expense and tax at the statutory rate

a. Reconciliation of effective tax rate

Loss before income tax expense from continuing operations	(8,912,898)	(6,456,038)
Loss before income tax expense from discontinued operations	-	(967)
	(8,912,898)	(6,457,005)
Tax at the statutory tax rate of 27.5% (2017: 30%)	(2,451,045)	(1,937,102)
Deferred tax asset not recognised	1,401,250	1,772,574
Permanent differences	505,956	(441,019)
Adjustment for foreign tax rates	543,839	605,547
Income tax expense	-	-

b. 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. The deferred tax asset position of the Group, which has not been brought to account is \$3,173,824 (2017: \$1,772,574).

15. Current assets - cash and cash equivalents

	Consolidated	
	2018	2017
	\$	\$
Cash at bank	4,381,389	3,999,066
Rental bonds	70,507	70,507
	4,451,896	4,069,573

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

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

16. Current assets - trade and other receivables

	Consolidated	
	2018	2017
	\$	\$
Trade debtors	1,599,430	1,199,661
Less: Provision for impairment of receivables	(165,000)	-
	1,434,430	1,199,661
Related party receivables	-	1,499
Other receivables	-	30,292
Research and development incentive grant	1,710,297	1,384,632
	1,710,297	1,416,423
	3,144,727	2,616,084

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

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.

The impairment to receivables as at 30 June 2018 is \$165,000 (2017: No impairment recognised).

As at 30 June 2018, the ageing analysis of trade receivables post due but not impaired is detailed as follows:

	Consolidated	
	2018	2017
	\$	\$
0 - 30 days overdue	1,129,135	793,537
30 - 90 days overdue	292,920	348,375
90 days overdue	12,375	57,749
	1,434,430	1,199,661

17. Non-current assets - property, plant and equipment

	Consolidated	
	2018	2017
	\$	\$
Office Fitout	96,784	12,284
Less: Accumulated depreciation	(10,058)	(1,359)
	86,726	10,925
Computer equipment - at cost	183,028	123,599
Less: Accumulated depreciation	(76,275)	(29,188)
	106,753	94,411
Office equipment - at cost	116,087	103,271
Less: Accumulated depreciation	(50,815)	(33,489)
	65,272	69,782
Office furniture - at cost	72,915	39,973
Less: Accumulated depreciation	(9,561)	(2,734)
	63,354	37,239
	322,105	212,357

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Computer Equipment	Office Equipment	Office Furniture	Office Fitout	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2016	26,176	80,590	22,493	10,685	139,944
Additions	93,485	7,982	16,994	1,343	119,804
Disposals	-	(1,210)	-	-	(1,210)
Depreciation expense	(25,250)	(17,580)	(2,248)	(1,103)	(46,181)
Balance at 30 June 2017	94,411	69,782	37,239	10,925	212,357
Additions	59,092	7,986	32,888	84,440	184,406
Prior year adjustment	-	4,269	-	-	4,269
Depreciation expense	(46,750)	(16,765)	(6,773)	(8,639)	(78,927)
Balance at 30 June 2018	106,753	65,272	63,354	86,726	322,105

18. Non-current assets - intangibles

	Consolidated	
	2018	2017
	\$	\$
Patents and trademarks - at cost	10,963	-
Domain: Xref.com & XF1.com	106,990	101,681
	117,953	101,681

19. Current liabilities - trade and other payables

	Consolidated	
	2018	2017
	\$	\$
Trade payables	162,894	571,166
Non trade payables and accrued expenses	525,139	552,807
Related party payables	-	4,097
Accrued salaries, wages and related costs	853,126	481,441
GST Payable	104,865	31,991
	1,646,024	1,641,502

Refer to note 27 for further information on financial instruments.

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. Current liabilities - Employee Entitlements

	Consolidated	
	2018	2017
	\$	\$
Annual leave	277,529	162,725

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. Current liabilities - Unearned Revenue

	2018	2017
	\$	\$
Unearned Revenue		
Balance Brought Forward	2,030,253	903,566
Unearned Revenue Movement		
Credits Sold	7,071,723	4,107,518
Add Opening Conditional Credits	1,085,263	205,132
Less: Credit Used (Cash Basis*)	(4,485,468)	(2,100,318)
Less: Closing Conditional Credits	(1,445,795)	(1,085,263)
Net Unearned Revenue Movement	2,225,723	1,127,069
Opening Balance Revaluation due to Forex	12,895	(382)
Balance Carried Forward	4,268,871	2,030,253

*This is the value of the credits that have been used in the period

Under Xref’s business model, clients purchase Xref credits to use our candidate referencing platform. The value of credits sold are added to unearned revenue when the client has paid. The credits are consumed when reference checks are ordered, and credit usage becomes recognised revenue. At balance date some clients will have purchased credits and have been issued an invoice but will not have paid. The value of these unpaid credit sale invoices are the ‘conditional credits’ above and represents trade debtors (less goods & services tax).

22. Non-current liabilities - Employee entitlements

Non-Current

	Consolidated	
	2018	2017
	\$	\$
Long service leave	52,622	22,436

23. Equity - issued capital

	Consolidated			
	2018	2017	2018	2017
	Shares	Shares	\$	\$
Ordinary shares - fully paid	147,736,127	118,569,460	40,087,991	40,087,991

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2016	90,273,668		25,042,977
Shares Issued for Cash		11,428,571	\$0.70	8,000,000
Performance rights Conversion		16,666,667	\$0.00	83,333
Capital Raising Costs		-	\$0.00	(540,000)
Issued for acquisition of domain name		200,554	\$0.50	101,681
Balance	30 June 2017	118,569,460		32,687,991
Issued for cash		12,500,000	\$0.60	7,500,000
Capital raising costs		-	\$0.00	(450,000)
Performance rights conversion		16,666,667	\$0.02	350,000
Balance	30 June 2018	147,736,127		40,087,991

Xref issued 12,500,000 shares at \$0.60 (a 10.2% discount to the 5-day volume weighted average price) to Australian institutions and sophisticated investors on 7 August 2017 with the aim of accelerating global sales growth, facilitating product integrations, driving software development and providing further working capital for the Group’s operations.

The Class A Conversion Event for performance rights was achieved and the Class A shares were issued 4 December 2017.

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.

Capital risk management

The consolidated entity’s objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company’s share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is not subject to certain financing arrangements covenants during the financial year ended 30 June 2018. The capital risk management policy remains unchanged from the 30 June 2017 Annual Report.

24. Equity - Other equity reserves

	Consolidated	
	2018	2017
	\$	\$
Foreign currency reserve	(240,062)	(34,915)
Options reserve	1,330,963	569,096
Performance right reserve	-	350,000
Consolidation reserve	(22,845,821)	(22,845,821)
	(21,754,920)	(21,961,640)

Foreign currency 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.

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	-	0.00
	50,000,000	433,333	0.009
Less Conversion Event	(33,333,334)	(433,333)	
Performance right reserve balance	16,666,666	-	0.00

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.

The Class A Conversion Event was achieved and the Class A shares were issued 4 December 2017.

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 2.55 years.

a. Share option reserve

Issued option and movements of options are shown below:

	Issue Date	Expiry date	Average exercise price per share	Options	Option Reserve
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 (b)	7 December 2016	25 November 2022	0.700	2,500,000	67,576
Granted (a)	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
At 1 July 2016		1 February 2019	0.230	4,508,909	229,954
At 30 June 2017	7 December 2016	25 November 2022	0.700	2,500,000	187,895
At 30 June 2017	7 December 2016	25 November 2021	0.700	5,400,000	568,862
Granted (c)	22 September 2017	3 July 2021	0.585	960,109	211,748
Granted (d)	22 September 2017	3 July 2021	0.580	95,390	21,217
Granted (e)	22 March 2018	5 February 2022	0.660	249,782	8,180
Granted (f)	22 March 2018	12 February 2021	0.700	1,000,000	69,670
Granted (g)	22 March 2018	12 February 2022	0.700	750,000	21,295
Granted (h)	22 March 2018	12 February 2023	0.700	750,000	12,142
Closing Balance		30 June 2018		16,241,190	1,330,963

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

(a)	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

(b)	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	25/11/2022
	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

(c)	Listing date (re-listing as Xref Limited)	9/02/2016
	Price history for volatility determination	1.63 yr
	Grant date	22/09/2017
	Measurement date	22/09/2017
	Exercise price	\$0.585
	Expiry date	03/07/2021
	Life of option	3.77 yr
	Price of underlying shares at measurement date	\$0.745
	Risk free rate = 5 year Government Bond (26/11/2016)	2.295%
	Expected volatility	40%
	Dividends expected on the shares	Nil

(d)	Listing date (re-listing as Xref Limited)	9/02/2016
	Price history for volatility determination	1.63 yr
	Grant date	22/09/2017
	Measurement date	22/09/2017
	Exercise price	\$0.58
	Expiry date	03/07/2021
	Life of option	3.77 yr
	Price of underlying shares at measurement date	\$0.745
	Risk free rate = 5 year Government Bond (26/11/2016)	2.295%
	Expected volatility	40%
	Dividends expected on the shares	Nil

(e)	Listing date (re-listing as Xref Limited)	9/02/2016
	Price history for volatility determination	2.11 yr
	Grant date	22/03/2018
	Measurement date	22/03/2018
	Exercise price	\$0.66
	Expiry date	05/02/2022
	Life of option	3.88 yr
	Price of underlying shares at measurement date	\$0.57
	Risk free rate = 5 year Government Bond (26/11/2016)	2.395%
	Expected volatility	26.37%
	Dividends expected on the shares	Nil

(f)	Listing date (re-listing as Xref Limited)	9/02/2016
	Price history for volatility determination	2.11 yr
	Grant date	22/03/2018
	Measurement date	22/03/2018
	Exercise price	\$0.70
	Expiry date	01/02/2021
	Life of option	2.87 yr
	Price of underlying shares at measurement date	\$0.57
	Risk free rate = 5 year Government Bond (26/11/2016)	2.160%
	Expected volatility	26.3%
	Dividends expected on the shares	Nil

(g)	Listing date (re-listing as Xref Limited)	9/02/2016
	Price history for volatility determination	2.11 yr
	Grant date	22/03/2018
	Measurement date	22/03/2018
	Exercise price	\$0.70
	Expiry date	12/02/2022
	Life of option	2.87 yr
	Price of underlying shares at measurement date	\$0.57
	Risk free rate = 5 year Government Bond (26/11/2016)	2.395%
	Expected volatility	26.340%
	Dividends expected on the shares	Nil

(h)	Listing date (re-listing as Xref Limited)	9/02/2016
	Price history for volatility determination	2.11 yr
	Grant date	22/03/2018
	Measurement date	22/03/2018
	Exercise price	\$0.70
	Expiry date	12/02/2023
	Life of option	4.90 yr
	Price of underlying shares at measurement date	\$0.57
	Risk free rate = 5 year Government Bond (26/11/2016)	2.395%
	Expected volatility	26.350%
	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

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.

The weighted average contractual life of the performance rights for the 2018 year was 2.55 years (2017: 1.59 years).

Option movements during the year

At 26 September 2017, 1,055,499 options were issued under the terms of the Employee Option Plan to 52 of its employees and 5 of its contractors.

At 22 March 2018, 2,749,782 options were issued under the terms of the Employee Option Plan to 25 of its employees and to the Company's Chief Financial Officer (CFO).

Option movements during the previous 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.

Options vested and therefore exercisable

Source	Expiry Date	2018	2017
Acquisition of Xref Pty Ltd	1 February 2019	3,908,809	3,908,809
Options Vested – Tim Mahony	1 February 2019	900,000	600,000
Options Vested – Nigel Heap	25 November 2021	300,000	300,000
Options Vested - Brad Rosser	25 November 2021	2,000,000	-
Options Vested – James Solomons	12 February 2021	1,000,000	-
		8,108,809	4,808,909

The weighted average share price for the 2018 financial year was \$0.624 (2017: \$0.548)

b. 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.

25. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

26. 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 2017 and 30 June 2018. 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

	Consolidated	
	2018	2017
	\$	\$

Earnings per share for loss from continuing operations

Loss after income tax attributable to the owners of Xref Limited	(8,912,898)	(6,456,038)
--	-------------	-------------

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	139,516,949	105,341,482
Weighted average number of ordinary shares used in calculating diluted earnings per share	139,516,949	105,341,482

	Cents	Cents
Basic earnings per share	(6.39)	(6.13)
Diluted earnings per share	(6.39)	(6.13)

	Consolidated	
	2018	2017
	\$	\$

Earnings per share for loss from discontinued operations

Loss after income tax attributable to the owners of Xref Limited	N/A	(967)
--	-----	-------

	Consolidated	
	2018	2017
	\$	\$

Earnings per share for loss

Loss after income tax attributable to the owners of Xref Limited	(8,912,898)	(6,457,005)
--	-------------	-------------

27. Financial instruments

a. Classification of financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities.

Group 2018	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit and loss	Total
Financial assets				
Cash and cash equivalents	4,451,896	-	-	4,451,896
Trade debtors and other receivables	3,144,727	-	-	3,144,727
Total	7,596,623	-	-	7,596,623

Financial liabilities				
Trade creditors and other payables	-	-	2,107,821	2,107,821
Total	-	-	2,107,821	2,107,821

Group 2017	Loans and receivables	Available-for-sale financial assets	Financial liabilities at fair value through profit and loss	Total
Financial assets				
Cash and cash equivalents	4,069,573	-	-	4,069,573
Trade debtors and other receivables	2,616,084	-	-	2,616,084
Total	6,685,657	-	-	6,685,657

Financial liabilities				
Trade creditors and other payables	-	-	1,919,485	1,919,485
Total	-	-	1,919,485	1,919,485

b. 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 is 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 has 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 is 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 has 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.

During the financial year expense growth reduced from 90% in the 2017 year to 44% in 2018, with a growth in revenue of 72%. There is continued growth forecasted and ongoing strong cost control enabling adequate management of liquidity risk.

All amounts shown as current financial liabilities are expected to be paid on demand and without interest.

The Group’s financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

Group 2018	Contractual cash-flow maturities						
	Carrying amounts	Total contractual cash-flows	0-6 months	6-12 months	1 - 2 years	2-5 years	Later than 5 years
Non-derivative financial liabilities							
Trade creditors and other payables	1,646,024	1,646,024	1,646,024	-	-	-	-
Superannuation payable	184,268	184,268	184,268	-	-	-	-
Total	1,830,292	1,830,292	1,830,292	-	-	-	-

Group 2017	Contractual cash-flow maturities						
	Carrying amounts	Total contractual cash-flows	0-6 months	6-12 months	1 - 2 years	2-5 years	Later than 5 years
Non-derivative financial liabilities							
Trade creditors and other payables	1,641,502	1,641,502	1,641,502	-	-	-	-
Superannuation payable	115,258	115,258	115,258	-	-	-	-
Total	1,756,760	1,756,760	1,756,760	-	-	-	-

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 Canadian Dollar, the UK Pounds Sterling and the Norwegian Krone.

The exposure to currencies of the Group is as follows:

	2018	2017
	\$	\$
Canadian Dollars	176,044	37,130
UK Pound Sterling	100,975	56,284
Norwegian Krone	111,427	-
New Zealand Dollars	-	1,507
Total	388,446	94,921

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	8,802	17,604	35,209
UK Pound Sterling	5,049	10,098	20,195
Norwegian Krone	5,571	11,143	22,285
Total impact of potential change in exchange rate	19,442	38,845	77,689

Foreign exchange risk

Currency risk is the risk that the fair value of financial instruments will fluctuate due to a change in foreign exchange rates.

Most of the Group transactions are carried out in Australian Dollars (AUD). Exposures to currency exchange rates arise from the Group’s overseas sales and purchases, which are primarily denominated in United Kingdom Pounds Sterling (GBP) , Canadian dollars (CAD) and Norwegian Krone (NOK)

The Group monitors foreign expenditure, seeking favourable terms when it is time to for further funding. By adopting this passive strategy, it expects its average foreign exchange rates to reflect the average foreign exchange rate for the year.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into AUD at the closing rate:

Short-term exposure				
30 June 2018 – Group	AUD	United Kingdom	Canada	Norway
Financial Assets	7,083,425	153,396	211,955	147,847
Financial Liabilities	1,842,269	62,332	75,948	127,272
Net statements of financial position exposure	5,241,156	91,064	136,007	20,575

Long-term exposure				
30 June 2018 – Group	AUD	United Kingdom	Canada	Norway
Financial Assets	50,948	51,411	17,836	-
Financial Liabilities	-	-	-	-
Net statements of financial position exposure	50,948	51,411	17,836	-

Short-term exposure				
30 June 2017 – Group	AUD	United Kingdom	Canada	Norway
Financial Assets	6,385,797	112,949	111,913	-
Financial Liabilities	1,636,040	95,076	25,644	-
Net statements of financial position exposure	4,749,757	17,873	86,269	-

Long-term exposure				
30 June 2017 – Group	AUD	United Kingdom	Canada	Norway
Financial Assets	74,998	-	-	-
Financial Liabilities	-	-	-	-
Net statements of financial position exposure	74,998	-	-	-

Foreign exchange risk

Sensitivity analysis

The following analysis illustrates the sensitivity of profit and equity in regard to the Group's financial assets and financial liabilities carried in foreign currencies. It assumes a +/- 5% change in exchange rates for the year ended at 30 June 2018 (2017: 5%).

The percentage movement has been determined based on the average exchange rate market volatility for the AUD in the previous 12 months.

Group	2018	Equity	2017	Equity
	Profit for the year		Profit for the year	
5% (2017: 5%) increase in AUD against foreign currencies	(9,038,288)	1,707,900	(6,540,069)	3,143,168
5% (2017: 5%) decrease in AUD against foreign currencies	(8,850,009)	2,158,275	(6,416,487)	3,347,656

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates.

Revenue of the Group is exposed to interest rate risk on interest bearing financial assets only as it has immaterial bank overdraft balances. The Group is also exposed to interest rate risk on interest bearing financial assets. The Group's investment in bonds all pay fixed interest rates and the interest risk exposure on money market funds is considered immaterial.

28. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2018	2017
	\$	\$
Loss after income tax expense for the year	(8,912,898)	(6,457,005)
Adjustments for:		
Depreciation, amortisation and impairment	78,927	46,181
Option expense	761,867	363,454
Foreign exchange	(205,147)	(56,853)
Unearned revenue	2,225,723	1,127,069
Change in operating assets and liabilities:		
Increase in trade and other receivables	(528,643)	(1,572,023)
Increase in prepayments	(37,266)	(140,488)
Decrease in other financial assets	(45,198)	(26,531)
Increase/(decrease) in trade and other payables	253	1,001,202
Increase in employee benefits	144,990	122,239
Increase in other financial liabilities	50,393	21,470
Net cash used in operating activities	(6,466,999)	(5,571,285)

29. Contingent assets

The Group has no contingent assets at 30 June 2018 (2017: \$Nil).

30. Contingent liabilities

The Group has no contingent liabilities at 30 June 2018 (2017: \$Nil).

31. 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.

The following transactions were carried out with related parties

a. Purchase of services

	Consolidated	
	2018	2017
	\$	\$
Key management personnel	218,886	165,560
Other related parties	-	19,396
	<u>218,886</u>	<u>184,956</u>

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

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2018	2017
	\$	\$
Receivable from related parties:		
Directors	-	1,499
Payable to related parties:		
Other related party	-	4,097

c. Other related party balances

Loans to directors for the year ended 30 June 2018 amounted to \$0 (2017: \$1,499).

d. Key management compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2018	2017
	\$	\$
Short-term employee benefit	1,206,795	1,145,551
Post employment benefits	71,250	62,593
Share-based payments	<u>524,380</u>	<u>363,453</u>
	<u>1,802,425</u>	<u>1,571,597</u>

32. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2018	2017
	\$	\$
Loss after income tax	<u>(761,781)</u>	<u>(489,902)</u>
Total comprehensive income	<u>(761,781)</u>	<u>(489,902)</u>

Statement of financial position

	Parent	
	2018	2017
	\$	\$
Total current assets	-	1,507
Total non-current assets	21,705,222	14,849,709
Total assets	21,705,222	14,851,216
Total current liabilities	(33,750)	112,655
Total liabilities	(33,750)	112,655
Equity		
Issued capital	40,087,991	33,089,721
Reserves	1,330,963	569,096
Retained profits	(19,679,982)	(18,920,256)
Total equity	21,738,972	14,738,561

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

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 2018 or 2017.

Contingent liabilities

The parent entity had no contingent liabilities in 2018 or 2017.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment in 2018 or 2017

33. Commitments

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

	Consolidated	
	2018	2017
	\$	\$
Non-cancellable operating leases are payable as follows:		
Less than one year	507,020	257,357
Later than one year and not greater than two years	548,036	104,480
Later than two years and not greater than five years	461,506	-
	1,516,562	361,837

The Group had no other commitments at 30 June 2018 (2017; \$Nil).

34. Events after the reporting period

In August 2018, the Board gave approval to issue further invitations to eligible employees to participate in the Xref Employee Option plan. Should 100% of the invitations be accepted 1,275,569 new employee share options will be issued.

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

Directors' Report

In the directors' opinion:

- > the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- > the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 3 to the financial statements;
- > the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- > there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Lee-Martin Seymour
Managing Director

29 August 2018
Sydney



Brad Rosser
Chairman

29 August 2018
Sydney

Independent Auditor's Report



Crowe Horwath Sydney
ABN 97 895 683 573
Member Crowe Horwath International

Audit and Assurance Services

Level 15 1 O'Connell Street
Sydney NSW 2000
Australia
Tel +61 2 9262 2155
Fax +61 2 9262 2190
www.crowehorwath.com.au

Xref Limited Independent Auditor's Report to the Members of Xref Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Xref Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Crowe Horwath Sydney is a member of Crowe Horwath International, a Swiss Verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How we addressed the Key Audit Matter
<p>Intangibles and Research and Development Costs</p> <p>In the current year, the Group incurred significant expenditure, comprising mostly payroll costs, to develop its domain and to advance several cloud-based solutions for candidate recruitment.</p> <p>Whilst the Group generates revenue by delivering services through its website and related software applications, we focused our attention on the fact that the Group has not capitalised research and development costs as intangible assets in the financial report.</p> <p>Management had outlined their key judgements made in relation to internally generated software and research costs in Note 5 of the financial report.</p>	<p>We held discussions with management to understand the nature of the Group's research and development processes, recognising that the Group's systems are constantly evolving and its codebase and infrastructure is regularly being modified.</p> <p>We challenged management's approach to exercising their key judgements in relation to internally generated software and research costs in the context of the period that management expects to recover economic benefits associated with these activities.</p>
<p>Operating Losses and Going Concern Assessment</p> <p>The Group incurred losses before tax of \$8,912,898 (2017: loss \$6,457,005). Notwithstanding the continued losses the financial report has been prepared on a going concern basis which contemplates that the recent capital raising efforts raised sufficient funds for the Group to continue operating as outlined in Note 3(v) of the financial report.</p>	<p>We critically analysed the Group's cash flow forecast that was used to support the going concern assessment, including performing the following procedures:</p> <ol style="list-style-type: none">We compared the prior year cash flow forecast prepared by management with the actual cash flows achieved, and obtained justification from management on variances in order to evaluate the validity of management's current forecasting processes.We interrogated the cash flow forecast using different inputs as a means to perform a sensitivity analysis.We discussed with management the significant assumptions and inputs used in the cash flow forecast, comparing the inputs used with historical results, and obtained reasonable justification for those inputs that differ from historical results.



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from



error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 24 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Xref Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.



Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Crowe Horwath Sydney
CROWE HORWATH SYDNEY

AP

ASH PATHER
 Partner

Sydney
 29 August 2018

Shareholder Information

Information relating to shareholders, as required by ASX Listing Rule 4.10, and not disclosed elsewhere in this Annual Report, is detailed below.

Substantial Shareholders as at 23 July 2018, as disclosed in substantial holding notices given to the ASX and to the Company:

Substantial Shareholders	Shareholding	% Shares Issued
Squirrel Holdings Australia Pty Ltd	30,857,613	20.89
West Riding Investments Pty Ltd	30,857,612	20.89
Industry Super Holdings Pty Ltd	10,941,897	7.41
FIL Limited	8,435,033	5.71

Based on the market price at 23 July 2018 there were 125 shareholders with less than a marketable parcel of 1,021 shares at a share price of \$0.49.

Number of Ordinary Shares Held	Number of Holders	Ordinary Shares	% of Total Issue Capital
1 - 1,000	123	53,654	0.04
1,001 - 5,000	208	648,180	0.44
5,001 - 10,000	153	1,226,735	0.83
10,001 - 100,000	257	9,738,711	6.59
100,001 and over	82	136,068,847	92.10
Total	823	147,736,127	100.000

Top 20 Holders of Ordinary Shares as at 23 July 2018

Rank	Name of Shareholder	Shares	% of Shares
1	Squirrel Holdings Australia Pty Ltd <Griffiths Family A/C>	30,857,613	20.89
2	West Riding Investments Pty Ltd <Seymour Family A/C>	30,857,612	20.89
3	HSBC Custody Nominees (Australia) Limited	26,309,701	17.81
4	CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	6,548,841	4.43
5	Citicorp Nominees Pty Limited	4,441,603	3.01
6	UBS Nominees Pty Ltd	4,110,414	2.78
7	J P Morgan Nominees Australia Limited	3,095,141	2.10
8	Austral Capital Pty Ltd <Austral Equity Fund A/C>	3,000,000	2.03
9	Morgan Stanley Australia Securities (Nominee) Pty Limited <No 1 Account>	2,250,802	1.52
10	Parkstone House Pty Ltd	1,923,076	1.30
11	Yeegah Pty Ltd	1,180,000	0.80
12	CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	1,039,674	0.70
13	Mr Tim Mahony + Ms Jacki Pervan <Mahony Super Fund A/C>	1,000,000	0.68
14	Debuscey Pty Ltd	996,592	0.67
15	Schindler Investment Haus Pty Ltd <Schindler Super Fund A/C>	912,500	0.62
16	Brispot Nominees Pty Ltd <House Head Nominee A/C>	908,842	0.62
17	Calama Holdings Pty Ltd <Mambat Super Fund A/C>	831,600	0.56
18	National Nominees Limited	778,409	0.53
19	First Trustee Company (NZ) Limited <Ian Roger Moore A/C>	750,000	0.51
20	Est Mr John Alan MacBride Price	750,000	0.51
	Total of Top 20 Holdings	122,542,420	82.95
	Other Holdings	25,193,707	17.05
	Total Fully Paid Shares Issued	147,736,127	100.00

Performance Rights as at 23 July 2018

Name of Performance Holder	Performance Shares the Holder is Entitled to
Squirrel Holdings Australia Pty Ltd <Griffiths Family A/C>	C Class Performance Rights: 8,333,333
West Riding Investments Pty Ltd <Seymour Family A/C>	C Class Performance Rights: 8,333,333
Total	16,666,666

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.

Options as at 23 July 2018

Name of Option Holder	Shares the Option Holder is Entitled to	Exercise Price	Option Expiry Date
Taycol Nominees Pty Ltd	2,808,909	\$0.23	1 February 2019
Yoix Pty Ltd	300,000	\$0.23	1 February 2019
Bear and Unicorn Properties Limited	250,000	\$0.23	1 February 2019
Jimbzal Pty Ltd <Taylor Family A/C>	250,000	\$0.23	1 February 2019
Mr Timothy Lloyd Mahony + Jackie Tadranka Pervan <Mahony Super Fund A/C>	900,000	\$0.23	1 February 2019
Brad Rosser	4,500,000	\$0.70	25 November 2021
Brad Rosser	2,500,000	\$0.70	25 November 2022
Nigel Heap	900,000	\$0.70	25 November 2021
57 employees and contractors (under Employee Option Plan)	1,055,499	\$0.585	3 July 2021
24 employees (under Employee Option Plan)	249,782	\$0.66	5 February 2022
James Solomons (under Employee Option Plan)	1,000,000	\$0.70	12 February 2021
James Solomons (under Employee Option Plan)	750,000	\$0.70	12 February 2022
James Solomons (under Employee Option Plan)	750,000	\$0.70	12 February 2023
Total	16,214,190		

Voting Rights

At general meetings of the Company, all fully paid ordinary shares carry one vote per share without restriction. On a show of hands, every member present at a general meeting, or by proxy, shall have one vote and, upon a poll, each share shall have one vote. Performance Rights holders and Option holders have no voting rights until the Performance Rights are converted and the Options are exercised, respectively.

On-Market Buy-Back

There is no current on-market buy-back of shares in the Company.

This page has been left intentionally blank.

Corporate Directory

PLACE OF BUSINESS

**Australia (Head Office
and Registered Office)**
Suite 14, 13 Hickson Road
Dawes Point, NSW 2000
Tel: +61 2 8244 3099

United Kingdom
46 New Broad Street
London, EX2M 1JH

Canada
Suite 202
1 Adelaide Street East
Toronto, Ontario M5C 1X6

Norway
Rådmann Halmrastsvei 16
1337 Sandvika
Norway

Website
xref.com

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

AUDITORS

Crowe Horwath
Level 15
1 O'Connell Street
Sydney NSW 2000
Tel: +61 2 9262 2155

STOCK EXCHANGE

The company's
ordinary shares are listed
on the ASX under code XF1

SHARE REGISTRY

**Computershare
Investor Services Pty Ltd**
Yarra Falls,
452 Johnston Street
Abbotsford, Victoria
Australia 3067
Tel: 1300 850 505
(within Australia)
Tel: + 61 3 9415 4000
(outside Australia)

Offering extreme value
to our staff, clients and
shareholders

XREF



Love. **Simplicity**