



Xref Limited
ARBN 122 404 666

Appendix 4E
Unaudited Preliminary Final Report
For the Year Ended 30 June 2016

Appendix 4E and Unaudited Preliminary Final Report for the year ended 30 June 2016

Contents

	Page
Results for announcement to the market	3
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Financial Position	9
Consolidated Statement of Cash Flows	11
Consolidated Statement of Changes In Equity	13
Notes to the Preliminary Financial Report	14
Corporate Information	40

Results for Announcement to the Market

Reporting Period

Financial year ended	Previous corresponding period
30 June 2016	12 months to 30 June 2015 (restated)

Results for announcement to the market

Description	30 June 2016 (AUD\$)	30 June 2015 (AUD\$)	% Change
Revenue from ordinary activities	1,312,860	368,628	+256%
Loss from ordinary activities	(892,248)	(87,808)	+916%
Profit / (Loss) for the period attributable to members	(877,339)	(87,808)	+899%

Commentary on results for the period

Following Xref's \$4 million capital raising and listing through the reverse takeover of King Solomon's Mines on 18 January 2016, we have made great progress.

Funds from the raising helped accelerate our global expansion strategy and, by the end of the financial year, more than 390 companies used our services in Australia and New Zealand, United Kingdom and Europe, North America and Singapore. We operate from offices in Sydney, London and Toronto. Our London office supports the Europe, Middle East and Africa region and we have already secured UK- and Europe-based clients. Operations in Canada also provide a beachhead supporting US sales.

Our simple-to use, secure, cloud-based system automates the process for obtaining and checking candidates' references, helping compliance with privacy regulations, reducing fraud and enabling employers to obtain detailed references anonymously and directly.

Xref's business model involves selling Xref credits, which clients consume as they make candidate reference checks on a 'credit-per-candidate' basis.

Client growth

Since listing, we have secured more than 100 new clients, including Australian Unity, Caltex, Coca Cola Amatil, Crown Melbourne, Dentsu Aegis Network, DFP Recruitment Agency, Department of Justice & Regulation (Victoria), the Gold Coast 2018 Commonwealth Games Corporation, HCF, Honda Australia, Inghams Australia and

New Zealand, Lend Lease Bouygues, Melbourne Health, Volkswagen Australia, Westpac New Zealand, Westpac Singapore, and The World Wide Fund for Nature.

We are delighted that many clients now refer to the process of obtaining a candidate reference as 'getting an Xref'. As obtaining a meaningful candidate reference has become easier, they have also accelerated credit consumption.

Significant renewals in 2016 included AECOM, AMP, Aurizon, Hays Specialist Recruitment, Fletcher Building, Justice New South Wales, Mission Australia and Qantas, some more than doubling previous purchases. It is pleasing that our clients are strong advocates for our services, demonstrated by our 98% account retention rate.

Our clients span 32 market sectors across all sizes and types of business. Nearly half of our business comes from enterprise companies. Government clients represent 13% of sales, and small-to-medium size businesses and human resources agencies each represent 12%. Special events such as the Gold Coast Commonwealth Games, the aged care sector and not-for-profit organisations are also significant clients.

We operate in large markets and employers are continually searching for new staff. The size of the Australian and New Zealand labour market, which provides most of our current sales, is approximately 12 million people. The UK labour market is about 32 million people and the US and Canada labour market is 162 million people. Many Xref clients have offices internationally, providing natural expansion opportunities. We have a strong pipeline of potential sales, and are optimistic about continued growth.

Integration with human resources technology systems

Another part of our strategy is to integrate with complementary technologies that service the human resources industry.

These include applicant tracking systems which are used by many enterprise clients to manage their recruitment process; industry peer partners that support other parts of the recruitment process, such as video interviewing, automated on-boarding and online testing; and market partners which can add value to Xref.

In May 2016 we completed a significant milestone, completing integration with the Oracle Taleo applicant tracking system which supports recruitment for 6,000 of the world's largest companies. Oracle Taleo is the most significant system in its field and Xref's application can now be accessed directly from its platform.

Several Xref clients, including Qantas and Westpac, are now using Xref in combination with Oracle Taleo. This capability has opened up a new sales pipeline for Xref, leading to increased use of our platform.

Market partners represent complementary technologies across the human resources recruitment lifecycle. We have eight integration projects underway for applicant tracking systems, industry peer partners and market partners. These all represent channels through which Xref can participate in, and contribute to, human resource management, increasing our addressable market.

Research and development

In March 2016 we introduced significant improvements to our portal, moving to a new www.xref.global domain. This domain allows us to add local websites, expediting rollout as countries 'go live'. New features include full mobile responsiveness as well as a new investor centre and blog site. Clients benefit from increased scale, a new dashboard with more detailed candidate information, video and analytics, and we are constantly upgrading our services.

We believe the future of human resources technology is in open platforms, which integrate with market places, applications and applicant tracking systems. Research and development are critical to our business. At 30 June 2016 we employed nine staff who are actively developing applications to improve the candidate journey and experience at all stages of the HR recruitment process - for pre-screening, recruitment, candidate on-boarding and review, and off-board processes.

Having accumulated data over the past five years, we are leveraging our database to provide predictive analytics which enable human resource directors to make data-driven decisions. We are also developing products tailored for the UK market and managing trials for potential clients in Canada.

Financial overview – strong sales and revenue growth

Following the raising we expanded our account sales and customer success teams to drive sales. This, together with improvements to our platform, resulted in substantial client growth, and sales for the financial year ending 30 June 2016 were \$1.7 million, up 143% from \$0.7 million in the previous corresponding period. This included a new record for a month's sales of \$325,000 in May 2016. At the end of the year average sales per client were \$8,000, which is increasing.

Clients purchase Xref credits for \$49.99 (or the international equivalent) and, once used, the credits are reported as revenue. Clients' credit use increased substantially during the year, enabling a more than three-fold increase in revenue. FY2016 revenue was \$1.3 million, up 256% from \$369,000 in the previous corresponding period.

The company continues to invest in research and development to expedite sales growth. Xref received in FY2016 an R&D offset grant of \$173,000 for the year ended 30 June 2015, and has lodged an R&D offset claim for FY2016. At 30 June 2016 Xref

held \$2.4 million cash, with expenditure in line with forecasts. Net assets were \$1.8 million, and the company had no debt.

We are investing in Xref's growth through globalisation, integration with partners and technology improvement, and the reported loss from continuing operations was in line with management expectations. Our growth rate continues to exceed 100% year-on-year. Xref has made considerable progress through increasing technology and sales resources to drive customer growth while carefully allocating resources.

After balance date, we were delighted to receive strong support from existing and new institutional shareholders for a placement that raised \$8 million before costs. These funds will accelerate global sales growth, facilitate product integrations, drive software development and provide working capital for the group's operations.

Corporate

Shareholders endorsed moving the company's domicile from New Zealand to Australia on 27 May 2016. Xref is progressively divesting the mining assets owned as part of the activities of King Solomon Mines Limited.

Dividends

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

Associates and Joint Ventures

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

Audit Report

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

Consolidated Statement of Comprehensive Income for the year ended 30 June 2016

	Note	2016	2015 Restated
		\$	\$
Revenue			
Sales - Credits Sold in Current Year		1,734,426	673,202
Less adjustment for Unearned Revenue	8	(421,566)	(304,574)
		-----	-----
		1,312,860	368,628
Other Income			
Interest Received		16,413	965
Research & Development - Refundable Tax Offset		482,426	173,291
Other Income		22	1,479
Profit on Acquisition		1,417,427	-
		-----	-----
Total Other Income		1,916,288	175,735
Total Income		3,229,148	544,363
Expenses			
Employee Benefits Expense	10	1,912,737	477,011
Accounting & Audit		227,194	
Directors fees		91,298	11,333
Legal Fees		172,028	
Marketing expenses		277,437	
Other Consultants		410,162	
Share Option expense		68,279	
Administration expense		896,568	139,437
Depreciation of Fixed Assets	9	17,309	4,389
Foreign Exchange Loss		47,668	-
		-----	-----
Total Expenses		4,120,680	632,170
Loss before Tax		(891,532)	(87,807)
Income Tax Expense	18	716	
		-----	-----
Loss from Continuing Operations attributable to the Owners of the Company		(892,248)	(87,807)

Consolidated Statement of Comprehensive Income for the year ended 30 June 2016 (continued)

	Note	GROUP	
		2016	2015 Restated
		\$	\$
Discontinued Operations			
Exploration Asset Maintenance Expenses	3,7	(2,354)	-
		-----	-----
Loss attributable to the Owners of the Company		(894,602)	(87,807)
(Items that may be reclassified			
Currency Translation Differences		17,263	-
		-----	-----
Total Comprehensive Income net of tax attributable to Owners of the Company		(877,339)	(87,807)
		=====	=====
		\$/share	\$/share
Loss Per Share			
Basic Loss per Share	14		
From continuing operations		(0.01)	(2,610.98)
From discontinuing operations		(0.00)	(0.00)
Diluted Loss per Share	14		
From continuing operations		(0.01)	(2,610.98)
From discontinuing operations		(0.00)	(0.00)

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

Consolidated Statement of Financial Position as at 30 June 2016

		GROUP	
		2016	2015
			Restated
	Note	\$	\$
SHAREHOLDERS' FUNDS			
Share Capital	12	25,042,977	100
Share Options Reserve	12	728,251	-
Performance Right Reserve		433,333	-
Foreign Currency Translation Reserve		17,263	-
Consolidation Reserve		(23,229,579)	-
Accumulated Losses		(1,157,986)	(263,386)
TOTAL FUNDS EMPLOYED		<u>1,834,259</u>	<u>(263,286)</u>
REPRESENTED BY:			
CURRENT ASSETS			
Cash and Cash Equivalents	6	2,445,468	81,148
Trade Debtors		220,114	83,949
Other Receivables - Related Parties	11	25,997	5,626
Other Receivables - Tax on Interest		1,795	-
Other Receivables - Other		490,811	178,037
Prepayments		52,132	2,342
Total Current Assets		<u>3,236,317</u>	<u>351,102</u>
NON CURRENT ASSETS			
Assets classsified as held for sale		333,814	-
Rental Prepayments		48,467	-
Plant and Equipment - Core		139,944	10,257
Total Non Current Assets		<u>522,225</u>	<u>10,257</u>
TOTAL ASSETS		<u>3,758,542</u>	<u>361,359</u>

Consolidated Statement of Financial Position as at 30 June 2016 (continued)

		GROUP	
		2016	2015
			Restated
	Note	\$	\$
CURRENT LIABILITIES			
Cash and Cash Equivalents		(10)	(72)
Accounts Payable - Related Parties	11	(3,000)	(4,695)
Accounts Payable - Other	19	(639,280)	(137,562)
Liabilities classified as held for sale		(333,812)	-
		-----	-----
Total Current Liabilities		(976,102)	(142,329)
NON CURRENT LIABILITIES			
Unearned Revenue	8	(903,566)	(482,316)
Rent Incentives		(44,615)	-
		-----	-----
Total Non Current Liabilities		(948,181)	(482,316)
Total Liabilities		(1,924,282)	(624,645)
		-----	-----
NET ASSETS		1,834,259	(263,286)
		=====	=====

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

Consolidated Statement of Cash Flows for the year ended 30 June 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was received from:			
Sales		1,733,597	671,775
Interest		16,412	965
Other Income		22	570
R& D Tax Offset		482,426	
Resident Withholding Tax refunded		969	-
		-----	-----
		2,233,426	673,310
Cash was applied to:			
Payments to suppliers		3,936,768	577,112
Resident Withholding Tax on Interest		1,325	-
		-----	-----
		3,938,093	577,112
Net cash flow - Operating activities		(1,704,667)	96,198
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was received from:			
Acquisition of King Solomon Mines Limited Ltd		3,764,579	-
Sale of Plant and Equipment		271	-
		-----	-----
		3,764,850	-
Cash was applied to:			
Purchase of Property Plant and Equipment		146,404	7,408
		-----	-----
		146,404	7,408
Net cash flow - Investing activities		3,618,446	(7,408)

Consolidated Statement of Cash Flows for the year ended 30 June 2016 (continued)

	Note	GROUP	
		2016	2015 Restated
		\$	\$
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was received from Issue of Shares		550,000	-
Cash was applied to Share Raising expenses		(51,730)	-
Cash was applied to Dividends		-	(12,000)
		-----	-----
Net cash flow - Financing activities		498,270	(12,000)
		-----	-----
Net cash flows from all activities		2,412,049	76,790
Cash at Beginning of Year		81,076	4,286
Exchange Gains / (Losses) on Cash Balances		(47,668)	-
		-----	-----
Cash at End of Year		2,445,458	81,076
		=====	=====
Represented by:			
Cash and Cash at Bank		2,374,951	81,076
Short Term Bank deposits		70,507	
		-----	-----
Cash at End of Year		2,445,458	81,076
		=====	=====

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

Consolidated Statement of Changes in Equity for the year ended 30 June 2016

	Note	Share Capital \$	Share Options \$	Foreign Currency Translation Reserve \$	Accumulated Loss \$	Performan ce Rights	Consolidation Reserve	Total Shareholder Funds \$
Equity as at 1 July 2014		100			(163,579)			(163,479)
Comprehensive Income:								
Loss for Year	19	-	-		(87,807)			(87,807)
Other Comprehensive Income:								
Currency Translation Differences		-	-		-			
Total Comprehensive Income for the		-	-	-	(87,807)		-	(87,807)
Transactions with owners:								
Options Expense	12							0
Options Expired	12							0
Shares Issued	12							0
Dividends Paid	12				(12,000)			(12,000)
Total transactions with Owners:		-	-	-	(12,000)		-	(12,000)
Equity as at 30 June 2015		100	-	-	(263,386)		-	(263,286)
King Solomon Mines								
Equity as at 1 July 2015	19	18,733,002	92,160	753,826	(18,249,981)	-	-	1,329,007
Comprehensive Income:								
Loss for Year		-	-	-	(1,374,685)		-	(1,374,685)
Other Comprehensive Income:								
Currency Translation Differences		-	-	16,921	-		-	16,921
Year		-	-	16,921	(1,374,685)		-	(1,357,764)
Transactions with owners:								
Shares Issued	12	7,097,000	-		-	-	-	7,097,000
Performance Rights Issued	12	-		-	-	433,333	-	433,333
Options Issued	12		567,812	-	-	-	-	567,812
Capital Raising Costs	12	(735,295)	-	-	-	-	-	(735,295)
Total transactions with Owners:		6,361,705	567,812	-	-	433,333	-	7,362,850
Equity as at 18 January 2016		25,094,707	659,972	770,747	#####	433,333	-	7,334,093
Consolidation entries								
King Solomon entries				(770,747)	19,624,666		(18,853,919)	
Acquisition of Xref Pty Ltd equity		100			(263,386)		(4,375,660)	(4,638,946)
Elimination of Xref Share Capital		(100)						(100)
Equity of Xref Ltd		-	-	(770,747)	19,361,280	-	(23,229,579)	(4,639,046)
Comprehensive Income:								
Loss for Year since 18 January 2016		-	-	-	(894,602)		-	(894,602)
Other Comprehensive Income:								
Currency Translation Differences		-	-	17,263	-		-	17,263
Year		-	-	17,263	(894,602)		-	(877,339)
Transactions with owners:								
Acquisition of Xref Pty Ltd	12		-		-	-		-
Performance Rights Issued	12			-	-	-	-	-
Options Issued	12		68,279	-	-	-	-	68,279
Capital Raising Costs	12	(51,730)	-	-	-	-	-	(51,730)
Total transactions with Owners:		(51,730)	68,279	-	-	-	-	16,549
Equity as at 30 June 2016		25,042,977	728,251	17,263	(1,157,988)	433,333	(23,229,579)	1,834,257

Notes to the Preliminary Financial Report

1. GENERAL INFORMATION

These financial statements are presented in Australian Dollars to reflect the Company listing on the ASX, the influence of the Australian regulatory environment on the raising of any further capital and that this is the functional currency of the Company.

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

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

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

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

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

The company was in effect a shell company acquiring an operating company at which time control passed from the company to the former shareholders of Xref Pty Ltd. The accounting policies to be applied in this situation require the financial statements to be presented as if Xref Pty Ltd had acquired the assets of King Solomon Mines Ltd and the financial statements show Xref Pty Ltd comparatives although the parent company details in notes 3, 12 and 22 show information for Xref Ltd.

These preliminary consolidated financial statements were approved for lodgement by the Board of Directors on 30th August 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation

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

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

Basis of Preparation

The financial statements are prepared on a going concern basis.

New Accounting Standards

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

New standards and interpretations not yet adopted

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

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

NZ IFRS 16 *Leases* is effective for annual periods beginning on or after 1 January 2019. NZ IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard will fundamentally change the

accounting treatment of leases by lessees. The current dual accounting model for lessees, which distinguishes between on balance sheet finance leases and off balance sheet operating leases will no longer apply. Instead there will be a single, on balance sheet model for all leases which is similar to current finance lease accounting.

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

The Group is still assessing the impact of the change in standards.

2.2 Consolidation

The Group financial statements consolidate the financial statements of the parent and its subsidiaries.

A subsidiary is an entity over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the board.

2.4 Revenue and Other Income

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest income is recognised on a time proportion basis using the effective interest method, which for floating rate financial instruments is the rate inherent in the instrument.

Revenue recognised related to the provision of services is determined with reference to the stage of completion of the transaction at the reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome can not be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

2.5 Financial Instruments

The Group financial instruments carried on the statement of financial position include cash and bank balances, other receivables and accounts payable. The Group classifies its financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

2.6 Fair value measurements and valuation processes

Some of the Group's Chinese assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. In particular, priority is given to valuations as follows:

- quoted prices (unadjusted) in active markets for identical assets (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- inputs for the asset that are not based on observable market data (that is, unobservable inputs) (level 3)

The fair value of assets that are not traded in an active market is determined by using valuation techniques that maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an asset are observable, the item is included in level 2. If one or more of the significant inputs is not based on observable market data, the item is included in level 3.

The valuation has been easier as at 30 June 2016 in that the Chinese Group assets are subject of a sale and purchase agreement with consideration at RMB 10.

2.7 Property, Plant and Equipment

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Plant and equipment	3-5 years
- Office furniture and equipment	3-12 years
- Motor vehicles	3-8 years

All property, plant and equipment for resale has been valued at acquisition cost less depreciation to 30 June when it was classified as property, plant and equipment for resale.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost included expenditure that was directly attributable to the acquisition of the items. Depreciation will continue to be calculated on the remaining life of the assets.

When an item of property plant or equipment is disposed of, the difference between the net disposal proceeds and the carrying amount is recognised as a gain or loss in the profit or loss component of the statement of comprehensive income.

2.8 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company and Group are measured in the currency of the primary economic environment in which the Company operates ('the functional currency'). The functional currency of the Company is Australian dollars. The functional currency of the Group's Chinese subsidiary is Chinese Yuan. The functional currency of the United Kingdom subsidiary is Pounds Sterling and the functional currency of the Canadian subsidiary is Canadian dollars.

These consolidated financial statements are presented in Australian dollars, which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are initially translated to functional currencies at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of

comprehensive income. This excludes when, on consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognised in other comprehensive income in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

(c) Group companies

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.

2.9 Goods and Services Tax (GST)

All revenue and expense transactions are recorded net of GST. When applicable, all assets and liabilities have been stated net of GST with the exception of receivables and payables which are stated inclusive of GST.

Cash flows are presented on a gross basis. The GST components of cash flows which are recoverable from or payable to the tax authority are presented as operating cash flows.

2.10 Receivables

Receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

2.11 Exploration and Evaluation Assets

Exploration and evaluation assets were acquired from King Solomon Mines Limited.

The carrying value of capitalised exploration and evaluation expenditure would normally be assessed for impairment at least annually. Where a target area is for whatever reason abandoned, disposed of, or where the Directors form a view that the area is uneconomic, the capitalised expenditure associated with that area is immediately written off.

Expenditure is not carried forward in respect of any area unless the Group's rights of tenure to that area of interest are current.

2.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Income tax

Income Tax

The income tax expense or revenue for the year is the tax payable/receivable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to the future benefit of unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiary operate and generate taxable income.

2.14 Employee benefits

(a) Current employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date, are recognised in Accounts Payable – Other, in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the statements of comprehensive income, and a corresponding adjustment to equity over the remaining vesting period. If the options lapse or expire, the accumulated balance will be reclassified to retained earnings.

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

(c) Performance Rights

The Group operates an equity-settled, share-based compensation plan.

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

2.15 Lease Expenditure

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made or received under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

2.16 Accounts Payable

Accounts payable are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Terms of trade are usually payment within 30 days.

2.17 Cash and Cash Equivalents

Cash includes cash on hand and at bank and short term deposits less any bank overdrafts which are shown as borrowings in current liabilities on the statement of financial position.

2.18 Statement of Cash Flows

Operating activities are the principal revenue-producing activities and other activities that are not investing or financing activities.

Investing cash flows represent cash flows arising from the acquisition and disposal of subsidiaries, property, plant and equipment, as well as exploration expenditure.

Financing cash flows represent cash flows arising from cash transactions affecting the capital structure of the Group.

CHANGES IN ACCOUNTING POLICIES

There has been no change in accounting policies from those applied at 30 June 2015.

3. INVESTMENT IN SUBSIDIARIES

Name of Subsidiary	Principal Activity	Country of Incorporation	Equity Holding	
			2016	2015
Inner Mongolia Plate Mining Co Limited	Exploration	China	90%	90%
Xref Pty Ltd	Candidate Referencing	Australia	100%	0%
Xref (UK) Ltd	Candidate Referencing	England	100%	0%
Xref (CA) Ltd	Candidate Referencing	Canada	100%	0%

On 8 March 2006, King Solomon Mines Limited (renamed Xref Ltd) and Inner Mongolia Ao Meng Xin Economic and Trade Co. Limited signed an agreement to form Inner Mongolia Plate Mining Co Limited, a sino foreign equity joint venture of which King Solomon Mines Limited owns 90% and Inner Mongolia Ao Meng Xin Economic and Trade Co. Limited holds 10% in trust for King Solomon Mines Limited due to Chinese regulatory requirements.

As Xref Limited effectively owns 100% of this subsidiary and retains all the risks and rewards of ownership, the Company has not accounted for any non-controlling interest.

Inner Mongolia Plate Mining Co Limited has a balance date of 31 December in line with Chinese requirements.

King Solomon Mines (renamed to Xref Ltd) acquired all the shares in Xref Pty Ltd on 18 January in exchange for shares and performance rights.

Xref (UK) Ltd and Xref (CA) Ltd were incorporated in the current year as fully owned subsidiaries.

SALE OF SUBSIDIARY

The ownership of the candidate referencing Xref subsidiaries are considered core operating activity of the company. Exploration and development of metallic discoveries is seen as non-core and a decision was taken prior to acquisition to sell Inner Mongolia Plate Mining Co Ltd to Fu La (or a related party of Fu La) for RMB10 (\$A2).

Inner Mongolia Plate Mining Co Ltd was written down to RMB10 at the time of the acquisition. This provision has been taken against the assets of the company other than exploration and evaluation assets as the exploration and evaluation assets represent the purpose of Inner Mongolia Plate Mining Co Ltd.. Sale and purchase documents have been signed and are being processed to transfer the ownership.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future and in respect of the recoverable values of assets. The following are significant management judgements in applying the accounting policies of the Group that have a significant effect on the financial statements.

Valuation of Chinese Assets subject to sale

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

These asset values have then been reduced based on an estimation of fair value less costs to sell in line with the sale and purchase agreement consideration for Inner Mongolia Plate Mining Co Limited of RMB 10.

5. SEGMENT INFORMATION

Management has determined the operating segment based on the reports reviewed by the Board which is responsible for making strategic decisions.

As there is only one segment (*candidate referencing*) as at 30 June 2016 the disclosures on the face of the statement of comprehensive income and the statement of financial position represent the Group's one business segment.

Geographical Information:

The Group operates its candidate referencing business over the web with the bulk of the management, development and administrative functions being performed in Australia. However, the company operates through subsidiaries in the UK and Canada and has assets subject to a sale and purchase agreement in China.

This investment is demonstrated by the geographical breakdown of core material assets shown in total on the Statement of Financial Position:

30 June 2016	Australia \$	UK \$	Canada \$	China \$	New Zealand \$	Consolidated \$
Fixed Assets	130,562	1,861	7,521	-		139,944
Trade Debtors	205,132	14,982	-			220,114
Other Receivables - Related Parties	25,995			2		25,997
Other Receivables - Tax on Interest					1,795	1,795
Other Receivables - Other	490,441			-	370	490,811
Prepayments	52,132					52,132
Rental Prepayments	17,398	31,069				48,467
Exploration Assets				333,814		333,814
	<u>904,262</u>	<u>47,912</u>	<u>7,521</u>	<u>333,816</u>	<u>2,165</u>	<u>1,313,074</u>
30 June 2015	Australia \$	UK \$	Canada \$	China \$	New Zealand \$	Consolidated \$
Fixed Assets	10,257					10,257
Trade Debtors	83,949					83,949
Other Receivables - Related Parties	5,626					5,626
Other Receivables - Other	4,746					4,746
Prepayments	2,342					2,342
	<u>106,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,920</u>

The above assets are recorded under the country in which the asset is located.

6. CASH AND CASH EQUIVALENTS

	2016 \$	2015 \$
Cash	729	100
Cash at Bank	2,374,232	81,048
Short Term Bank Deposits	70,507	-
Credit Facilities	<u>(10)</u>	<u>(72)</u>
Available Cash & Cash Equivalents	<u>2,445,458</u>	<u>81,076</u>

7. EXPLORATION AND EVALUATION EXPENDITURE

After the acquisition process was completed, Xref Ltd's subsidiary Inner Mongolia Plate Mining Co Ltd owned mining exploration assets and evaluation assets.

There is no active market in China for these tenements.

The Directors have impaired the carrying value of the subsidiary based on the sale price of subsidiary Inner Mongolia Plate Mining Co Ltd and have recognised all the value of Inner Mongolia Plate Mining Co Ltd as the exploration and evaluation assets.

8. UNEARNED REVENUE

Movements in the reserve are shown below

	2016	2015
	\$	\$
Balance Brought Forward	482,316	177,742
Add: Credits Sold	1,734,426	673,202
Less: Credit Used	(1,107,728)	(284,679)
Less: Conditional Credits	<u>(205,132)</u>	<u>(83,949)</u>
Unearned Revenue Movement	421,566	304,574
Balance Carried Forward	<u>903,882</u>	<u>482,316</u>

9. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment \$	Office Equipment \$	Office Furniture \$	Office Fitout \$	Total Office Furniture and Equipment \$
<u>Year ending 30 June 2015</u>					
Opening Net Book Amount	-	7,238	-	-	7,238
Additions	-	7,408	-	-	7,408
Depreciation	-	(4,389)	-	-	(4,389)
Closing Net Book Amount	-	10,257	-	-	10,257
<u>As at 30 June 2015</u>					
Cost	-	18,614	-	-	18,614
Provision for Impairment	-	-	-	-	-
Accumulated Depreciation	-	(8,357)	-	-	(8,357)
Net Book Amount	-	10,257	-	-	10,257
<u>Year ending 31 June 2016</u>					
Opening Net Book Amount	-	10,257	-	-	10,257
Additions	30,114	82,370	22,979	10,941	146,404
Additions from King Solomon Mines	-	864	-	-	864
Sales & Disposals	-	(271)	-	-	(271)
Depreciation	(3,938)	(12,630)	(486)	(256)	(17,310)
Closing Net Book Amount	26,176	80,590	22,493	10,685	139,944
<u>As at 30 June 2016</u>					
Cost	30,114	96,499	22,979	10,941	160,533
Provision for Impairment	-	-	-	-	-
Accumulated Depreciation	(3,938)	(15,909)	(486)	(256)	(20,589)
Net Book Amount	26,176	80,590	22,493	10,685	139,944

10. EMPLOYEE BENEFIT EXPENSE

All employee benefit costs are expensed directly to the Statement of Comprehensive Income.

	2016 \$	2015 \$
Wages and Salaries	1,727,687	422,448
Pension costs - Defined Contribution	11,850	-
Superannuation	132,344	39,312
Other Employee Benefits	59,526	15,251
	<u>1,931,407</u>	<u>477,010</u>

Number of salaried employees recorded as salary and wage expense

30 7

11. TRANSACTIONS WITH RELATED PARTIES

Key management personnel are the directors (executive & non executive) and Chief Financial Officer of Xref Pty Ltd. Fu La is included as he is a director of subsidiary Inner Mongolia Plate Mining Co Limited which is in the process being sold to his wife Dong Na..

Payment for consulting fees and reimbursement of expenses was made to Fu La (Shareholder).

Payment of director fees was made to Simon O'loughlin (Director) and legal fees were paid to O'Loughlin Lawyers being a firm in which Simon O'Loughlin has an interest.

Payment of wages and consultancy fees were made to Timothy Griffiths (Executive Director (Chief Technology Officer)) and to Squirrel Holdings Australia Pty Ltd as trustee of the Griffiths Family Trust. Dividends were paid in 2015 to Tim Griffiths as held shares in Xref Pty Ltd.

Payment of wages and consultancy fees were made to Lee Seymour (Executive Director (Chief Executive Officer)) and to West Riding Pty Ltd as Trustee of the Seymour family trust. Dividends were paid in 2015 to Lee Seymour as held shares in Xref Pty Ltd.

Payment of director fees were made to Timothy Mahony (Non Executive Director) and payment of interest on convertible notes to Biatan Pty Ltd as trustee of the Mahony Family Trust in which Timothy Mahony has an interest.

Payment of fees has been made to Aptus Accounting & Advisory for James Solomons.

RELATED PARTY EXPENDITURE

(Reimbursement of expenditure, consulting fees, salary & dividends)	2016 \$	2015 \$
Key Management Personnel Fees		
Tim Griffiths	27,653	6,000
Lee-Martin Seymour	27,653	6,000
Tim Mahony	20,833	-
Squirrel Holdings for Tim Griffiths	105,795	-
West Riding Investments for Lee-Martin Seymour	105,795	-
Simon O'Loughlin	9,675	-
Aptus Accounting & Advisory for James Solomons	31,350	-
Other services provided by Key Management Personnel & entities associated with Key management Personnel		
O'loughlin Lawyers	25,392	-
Biatin Pty Ltd	4,000	-
Shareholders		
Fu La	12,000	-
	<u>294,007</u>	<u>12,000</u>

OWING TO RELATED PARTIES

	2016 \$	2015 \$
Directors & entities associated with Directors		
Tim Griffiths	-	4,695
Shareholder		
Fu La	3,000	-
	<u>3,000</u>	<u>4,695</u>

OWING BY RELATED PARTIES

	2016 \$	2015 \$
Directors & entities associated with Directors		
Dong Na	2	-
Lee-Martin Seymour	25,995	5,626
	<u>25,997</u>	<u>5,626</u>

OPTIONS ISSUED TO RELATED PARTIES

	2016	2015
Directors & entities associated with Directors		
Simon O'Loughlin (or his nominee)	300,000	-
Tim Mahony (or his nominee)	900,000	-
	<u>1,200,000</u>	<u>-</u>

12. SHARE CAPITAL AND OTHER RESERVES**Share Capital**

Issued share and movements of issued share capital is shown below:

		Number of Shares	Issue Price \$	Average Issue Price \$/Share
Opening Balance	1 April 2014	254,511,135	17,631,553	0.069
Shares Issued		580,418,213	1,211,090	0.002
Capital Raising Costs		-	(109,641)	
Closing Balance	31 March 2015	<u>834,929,348</u>	<u>18,733,002</u>	0.022

		Number of Shares	Issue Price \$	Average Issue Price \$/Share
Opening Balance	1 April 2015	<u>834,929,348</u>	<u>18,733,002</u>	0.022
Consolidation (1 for 50)		16,698,587		
Rounding after Consolidation		81		
Issued to redeem Xref Pty Ltd Convertible notes		3,575,000	572,000	0.1600
Issued for Cash		20,000,000	4,000,000	0.2000
Issued for Acquisition of Xref Pty Ltd		50,000,000	2,525,000	0.0505
Capital Raising Costs - King Solomon Mines			(735,295)	
Capital Raising Costs - Xref Pty Ltd			(51,730)	
Closing Balance	30 June 2016	<u>90,273,668</u>	<u>25,042,977</u>	0.277

All shares have no par value, are fully paid and rank equally with regard to voting rights and distribution of profit.

Explanation of movements in Issued Capital for the 2015 financial year

On 28th August 2014 at the Annual General Meeting, resolutions were passed to authorise issue of 13,708,334 shares as part payment of \$41,125 fees for directors from 1 July 2014 to 31 December 2014.

The Company issued 38,176,670 shares to raise \$114,530 for working capital and payment of expenses in the first 6 months of the financial year.

A fully underwritten rights issue was then made to shareholders where three new shares were offered for every two existing shares held by existing Australian and New Zealand resident shareholders at 7:00pm (Sydney time) on 24 October 2014 at an issue price of \$A0.002 (\$NZ0.0022) per new share to raise \$919,188 before costs.

In addition the underwriting document also authorised issue of a further 68,939,000 shares at an issue price of \$A0.002 to raise a further \$137,878.

Explanation of movements in Issued Capital for the 2016 financial year

A resolution was passed at the EGM on 26th November 2015 to consolidate the existing King Solomon Mines shares so that one new share would be issued for every 50 shares originally held. The original 834, 929,348 shares would have yielded 16,698,587 shares, but with rounding equated to 16,698,668 shares.

As part of the acquisition of Xref Pty Ltd., King Solomon Mines Limited undertook to raise further capital and to redeem \$550,000 of Convertible Notes issued by Xref Pty Ltd plus interest of \$22,000 at a 20% discount to that offered in the prospectus raising the other share capital.

King Solomon Mines then issued 50,000,000 shares plus 50,000,000 performance rights to acquire the business of Xref Pty Ltd. An issue price of 5.05c per share is used in line with an Adviser's Report prepared by RSM Bird Cameron Corporate Pty Ltd., as part of the process to value the performance rights.

Performance Rights

The 50,000,000 performance rights to acquire new shares that were issued as part of the consideration for the acquisition of Xref Pty Ltd are split into 3 Classes as shown below:

Class	Number of Rights	Performance Right Reserve \$A
Class A	16,666,667	350,000
Class B	16,666,667	83,333
Class C	16,666,666	-
	<u>50,000,000</u>	<u>433,333</u>

Class A Conversion Event

Upon the Group, during any six month reporting period of the company that ends on or prior to 2 years after the date of issue of the rights, achieving Sales Revenue of \$A2,500,000 or more.

Class B Conversion Event

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

Class C Conversion Event

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

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

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

Input Assumption Number of PR's	1
Grant date	20 January 2016
Expiry date	20 January 2021
Xref share value at issue	\$0.033
Share price hurdle (150% above the issue price)	\$0.500
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%

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

Share Options

Issued option and movements of options are shown below:

	Expiry date	Average exercise price in \$A per share	Options	Option Reserve \$A
At 1 April 2014	29 July 2014	0.100	2,000,000	125,169
At 1 April 2014	29 July 2016	0.120	1,600,000	92,160
Lapsed	29 July 2014	0.100	(2,000,000)	(125,169)
Closing Balance	31 March 2015	<u>0.109</u>	<u>1,600,000</u>	<u>92,160</u>
At 1 April 2015	29 July 2016	<u>0.120</u>	<u>1,600,000</u>	<u>92,160</u>
Consolidation (1 for 50)	29 July 2016	6.000	32,000	92,160
Issued	1 February 2019	0.230	3,608,909	567,812
Issued	1 February 2019	0.230	300,000	47,201
Issued - Class A	1 February 2019	0.230	300,000	10,539
Issued - Class B	1 February 2019	0.230	300,000	10,539
Closing Balance	30 June 2016	0.322	<u>4,540,909</u>	<u>728,251</u>

Option movements during the year

The resolution was passed at the EGM on 26th November 2015 to consolidate the existing King Solomon Mines shares so that one new share would be issued for every 50 shares originally held was also applied to the existing options which reduced the number of options from 1,600,000 to 32,000.

As also approved at the 26th November 2015 EGM, 2,808,909 options were issued to Taylor Collison Limited for the provision of corporate services in relation to the acquisition of Xref Pty Ltd., 800,000 options were issued to existing directors of the company as a key component of their remuneration by the company and 900,000 options (split into 3 classes of 300,000 options each) were issued to Timothy Mahony. Vesting for the first 300,000 options required Timothy Mahony to join the Xref Ltd board. Timothy Mahony has been appointed the board and these 300,000 options have vested.

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 2 years after the date of issue of the rights, achieving Sales Revenue of \$A2,500,000 or more.

Class B Vesting Event is the same as a Performance Right Class B Conversion Event

Upon the Company achieving a 20 day Volume Weighted Average Market Price of the shares equal to or greater than \$0.50 within two years after the date of issue of

the rights and a minimum sale in the UK of either 1000 credits or £25,000 (whichever comes first).

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

Option movements during the previous year

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

At 31 March 2015, the remaining 1,600,000 options had an historical value of \$92,160 carried in the Options Reserve (based on the Black Scholes valuation model; assuming a stock volatility ranging between 80% to 120% depending on time of grant)

Options Vested and therefore exercisable

Source	Expiry Date	2016	2015
BF & Consolidated (1 for 50)	29 July 2016	32,000	32,000
Acquisition of Xref Pty Ltd	1 February 2019	3,908,909	-
		<u>3,940,909</u>	<u>32,000</u>

14. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the deficit attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year.

The Group recorded losses for the years ended 31 March 2015 and 31 March 2014. 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.

	2016	2015 Restated
	\$	\$
Loss attributable to equity holders of the Company	(718,957)	(261,098)
Weighted average number of ordinary shares on issue	<u>50,919,627</u>	<u>100</u>
Basic earnings per share (\$ per share)	<u>(0.01)</u>	<u>(2,610.98)</u>

15. COMMITMENTS

	Current \$	>90 Days \$	Total \$
Lease Commitments (net of incentive payments) are:			
		2016 \$	2015 \$
Not later than one year		268,888	-
Later than one year and not greater than two years		257,900	-
Later than two years and not greater than five years		99,363	-
Total Lease Commitment (net of incentive payment)		<u>626,151</u>	<u>-</u>

The Group had no other commitments at 30 June 2016 (2015: \$Nil).

16. CONTINGENT ASSETS AND LIABILITIES

The Group had no contingent liabilities at 30 June 2016 (2015: Nil).

17. RECONCILIATION OF FINANCIAL PERFORMANCE AND OPERATING CASH FLOW

	2016	2015
	\$	Restated \$
(Deficit) for Year	(894,600)	(87,807)
Non Cash Items		
Unearned Revenue	421,250	304,574
Depreciation	17,309	4,389
Option expense	68,279	-
Interest on Convertible Notes	22,000	-
Foreign Exchange	64,931	-
Profit / Loss on Acquisition	(1,417,427)	-
Write Off subsidiary	(2)	-
Movement in Working Capital		
Trade Debtors	(136,164)	(1,427)
Other Receivables - Related Parties	(24,908)	(5,137)
Other Receivables - Tax on Interest	360	-
Other Receivables - Other	(509,161)	(178,037)
Prepayments	(49,790)	(2,342)
Rental Prepayments	(48,467)	-
Accounts Payable - Related Parties	3,000	(10,175)
Accounts Payable - Other	560,814	72,160
Rent Incentives	44,615	-
Net Cash from / (used in) Operating Activities	<u>(1,877,961)</u>	<u>96,198</u>

18. INCOME TAX EXPENSE

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

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

A calculation of a deferred tax asset is shown below:

Country	Australia	UK	Canada
Currency	AUD	GBP	CAD
Tax Losses C/F	1,062,690	188,752	96,065
Rate of Tax	30%	20%	26.50%
Potential Deferred Tax Asset (local currency)	318,807	37,750	25,457
Average Forex Rate	1	1.901765	1.012299
Potential Deferred Tax Asset (\$A)	<u>318,807</u>	<u>71,792</u>	<u>25,770</u>

19. RESTATEMENT OF PRIOR PERIOD EXPENSES

The 2015 figures include an extra accrual for annual leave that had been omitted in error.

They also include a R & D refund that had been omitted in error.

The effects of the changes required on past financial statements are shown in the following tables:

	Previously Reported	Adjustment	Restated
(i) Impact of restatement on statement of financial position			
As at 30 June 2015			
Accounts Payable - Other	128,774	8,788	137,562
	4,746	173,291	178,037
Retained Earnings	(427,889)	164,503	(263,386)
(ii) Impact of restatement on statement of comprehensive income			
For the year ended 30 June 2015			
Employee Benefits	468,223	8,788	477,011
R & D Income	-	173,291	173,291

20. FEES PAID TO AUDITORS

Fees payable to Crowe Horwath for audit of the Xref group financial statements amount to \$52,500 (2015: Nil).

21. EXPOSURE TO RISK

Exposures to credit, foreign currency, interest rate and liquidity risks arise in the normal course of business.

Credit risk

Financial instruments which potentially expose the Group to credit risk principally consist of cash and cash equivalents and receivables.

Deposits held with major Australian, UK, Canadian and New Zealand banks are not considered to be at significant risk. These are not considered to be at significant risk for the Group as the bank is considered secure and with a high credit rating being a trading bank with "A" grade or better.

Chinese Yuan assets are subject to the subsidiary sale and purchase agreement for RMB 10 and not included here.

Aged Receivables

	Current \$	>30 days \$	>60 days \$	>90 days \$	Total \$
2016	152,309	67,651	154	-	220,114
2015	57,202	26,747	-	-	83,949

Current receivables are expected to be realised within standard timeframes.

Management has assessed that there is no overdue and accordingly no impairment is required on the above receivables.

Currency risk

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

The exposure to currencies of the Group is as follows:

	2016	2015
	\$	\$
Canadian dollars	13,853	-
UK Pound Sterling	60,889	-
New Zealand dollars	34,552	-
Chinese Yuan	12,727	-
	<u>122,021</u>	<u>-</u>

The potential impact on the bank accounts, net deficits and equity of 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	693	1,385	2,771
UK Pound Sterling	3,044	6,089	12,178
New Zealand dollars	1,728	3,455	6,910
Chinese Yuan	636	1,273	2,545
Total Impact of potential change in exchange rate	<u>6,101</u>	<u>12,202</u>	<u>24,404</u>

Interest rate and liquidity risks

The Group receives interest on its bank deposits. Interest rate risk is not considered significant as funds are available for immediate use except the bond term deposits being used as guarantee.

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

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

Capital Risk Management

The Group's objective is to ensure that their net assets are sufficient to meet all present and future obligations (see note 2.1).

Fair value

The fair value of all financial instruments is not materially different from the carrying value shown below.

		2016	2015
			Restated
		\$	\$
Loans and Receivables			
Cash and Cash Equivalents	6	2,445,468	81,148
Cash and Cash Equivalents - China		-	-
Trade Debtors		220,114	83,949
Other Receivables - Related Parties	11	25,997	5,626
Other Receivables - Tax on Interest		1,795	-
Other Receivables - China		-	-
Other Receivables - Other		490,811	4,746
Prepayments		52,132	2,342
Prepayments (non current)		48,467	-
Total loans and receivables		<u>3,284,785</u>	<u>177,811</u>
Financial liabilities at amortised cost			
Cash and Cash Equivalents		(10)	(72)
Accounts Payable - Related Parties	11	(3,000)	(4,695)
Accounts Payable - Other		(973,092)	(137,562)
Total Financial Liabilities		<u>(976,103)</u>	<u>(142,329)</u>

22. PARENT INFORMATION

	2016 \$	2015 \$
Result of the parent entity		
Loss for the year	(386,694)	(868,456)
Other Comprehensive Income	-	-
Total comprehensive loss for the year	(386,694)	(868,456)
Financial position of the parent entity at year end		
Current assets	3,794,927	944,416
Total assets	7,553,515	946,106
Current Liabilities	(21,930)	(51,118)
Total Liabilities	(21,930)	(51,118)
Total equity of the parent entity comprising of:		
Share Capital	24,219,707	18,733,002
Reserves	1,318,242	92,160
Accumulated Losses	(18,316,868)	(17,930,174)
Retained Earnings	(18,316,868)	(17,930,174)

Parent entity contingencies

There are no contingencies for the parent entity in 2016 or 2015.

Parent entity guarantees

There are no guarantees entered into by the parent entity in relation to the debts of its subsidiary Inner Mongolia Plate Mining Limited or any other Xref subsidiary in 2016 or 2015.

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

There are no capital commitments for the parent entity in 2016 or 2015.

23. POST PERIOD EVENTS

On 17 August 2016, Xref Limited raised \$8,000,000 before share placement costs through a placement to Australian institutions and sophisticated investors at a price of 70c per share.

On 19 August 2016, the Brad Rosser was appointed as chairman Nigel Heap was appointed as a new non-executive director.

There are no other subsequent events that should be considered for this period.

Corporate Information

Place of Business

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Registered Office

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Share Registry

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