

# Appendix 4E - Preliminary Final Report

(ASX Listing Rule 4.3A)

<b>Name of entity</b>	ApplyDirect Limited
<b>ABN or equivalent company reference</b>	29 123 129 162
<b>Year ended</b>	30 June 2016
<b>Previous corresponding period</b>	30 June 2015

## Results for announcement to the market

Revenue from ordinary activities	Decreased	0.48%	to	\$ 886,622
Net loss before tax (from ordinary activities) for the period attributable to members	Increased	169.93%	to	(3,457,790)
Net loss after tax (from ordinary activities) for the period attributable to members	Increased	169.93%	to	(3,457,790)

### Dividends

No dividends have been paid or declared in either the current or previous reporting period.

<b>Net tangible assets per security</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
<b>Net tangible assets</b>	<b>5,634,708</b>	<b>(192,047)</b>
<b>Shares (No.)</b>	<b>164,521,823</b>	<b>114,971,823*</b>
<b>Net tangible assets per share</b>	<b>0.03</b>	<b>(0.002)</b>

\*Refer Note 13 for basis of calculation

### Explanation of results

The results for the year show a loss of \$3,457,790 (2015: \$1,280,975) representing an increase of 169.93% against the comparative year. For further commentary on the financial results, refer to the attached Preliminary Final Report.

### Other information required by Listing Rule 4.3A

- There have been no changes in controlled entities.
- There have been no changes in associates and joint ventures.

### Audit

The accounts are currently in the process of being audited. An annual report for the year ended 30 June 2016 containing the audit report shall be produced in due course.

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# ApplyDirect Limited

30 June 2016

## Preliminary final report - 30 June 2016

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# ApplyDirect Limited

30 June 2016

## Corporate Directory

### Directors

Mr Michael Kay  
Mr Bryan Petereit  
Mr Drew Ilsley  
Mr Anthony Charles

### Secretary

Mr Philip Hains

### Principal registered office in Australia

Unit 3, 3 Wellington Street  
Kew Victoria 3101  
1300 554 842

### Share and debenture register

Link Market Services Limited  
Level 12, 680 George Street  
Sydney New South Wales 2000  
+61 2 8280 7100

### Auditor

Grant Thornton Audit Ltd  
Level 30  
525 Collins Street  
Melbourne Victoria 3000

### Solicitors

Minter Ellison  
Level 23, 525 Collins Street  
Melbourne Victoria 3000

### Website

[www.applydirect.com.au](http://www.applydirect.com.au)

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# ApplyDirect Limited

## Review of operations and activities 30 June 2016

### Principal activities

During the year the principal continuing activities of the Company consisted of providing an innovative on-line database and search platform that links employers and job candidates directly to live job opportunities on employer websites.

### Financial Overview

The Company recorded a loss of \$3,457,790 for the year ended 30 June 2016. This was an increase on the loss of the previous year of \$1,280,975. Underlying operating revenue increased by \$90,739 (19.4%) when allowing for the one off impact of a project fee received from a client. The majority of the increase in the loss is due to the professional and other fees associated with the IPO and marketing expenditure.

### Strategies & Prospects

The Company has employed a professional Chief Executive Officer, Lorcan Barden, who will commence in the role on 12 September 2016. Lorcan's priority will be the employment of sales and marketing staff to execute the sales and marketing strategy as outlined in the prospectus.

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# ApplyDirect Limited

## Statement of comprehensive income For the year ended 30 June 2016

	Notes	30 June 2016 \$	30 June 2015 \$
Operating revenue		628,997	648,258
Other income	3	257,625	242,654
		<u>886,622</u>	<u>890,912</u>
Employee benefits expense		(897,513)	(1,028,161)
Marketing expense		(1,353,406)	(465,473)
Professional fees		(1,154,285)	(80,902)
Travel expenses		(74,618)	(66,809)
Administration and other expenses		(248,799)	(126,610)
Software development		(491,638)	(377,832)
Finance expenses		(124,153)	(26,100)
		<u>(4,344,412)</u>	<u>(2,171,887)</u>
<b>Loss before income tax</b>		<b>(3,457,790)</b>	<b>(1,280,975)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(3,457,790)</b>	<b>(1,280,975)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income for the period</b>		<b>(3,457,790)</b>	<b>(1,280,975)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for loss attributable to the ordinary equity holders of the Company:</b>			
Basic earnings per share	13	(3.62)	(1.14)
Diluted earnings per share	13	(3.62)	(1.14)

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

# ApplyDirect Limited

## Balance sheet As at 30 June 2016

	Notes	30 June 2016 \$	30 June 2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	7,384,118	78,236
Trade and other receivables	5	566,182	440,287
<b>Total Current Assets</b>		<b>7,950,300</b>	<b>518,523</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	8,691	11,927
Other non-current assets		16,500	16,500
<b>Total non-current assets</b>		<b>25,191</b>	<b>28,427</b>
<b>Total assets</b>		<b>7,975,491</b>	<b>546,950</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7	908,573	278,023
Borrowings	8	1,214,020	250,000
Employee benefit obligations	9	79,029	30,650
Deferred revenue	10	91,511	155,649
<b>Total Current Liabilities</b>		<b>2,293,133</b>	<b>714,322</b>
<b>Non-current liabilities</b>			
Employee benefit obligations	9	47,650	24,675
<b>Total non-current liabilities</b>		<b>47,650</b>	<b>24,675</b>
<b>Total liabilities</b>		<b>2,340,783</b>	<b>738,997</b>
<b>Net assets</b>		<b>5,634,708</b>	<b>(192,047)</b>
<b>EQUITY</b>			
Share capital	11(a)	14,655,529	5,607,414
share based payments reserve	11(b)	1,548,050	1,311,620
Retained earnings		(10,568,871)	(7,111,081)
<b>Total equity</b>		<b>5,634,708</b>	<b>(192,047)</b>

The above balance sheet should be read in conjunction with the accompanying notes.

# ApplyDirect Limited

## Statement of changes in equity For the year ended 30 June 2016

	Notes	Share capital \$	Other reserves \$	Retained earnings \$	Total \$
<b>Balance at 1 July 2014</b>		<b>4,953,414</b>	<b>954,264</b>	<b>(5,830,106)</b>	<b>77,572</b>
Profit for the period		-	-	(1,280,975)	(1,280,975)
<b>Total comprehensive income for the period</b>		-	-	<b>(1,280,975)</b>	<b>(1,280,975)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued	11(a)	654,000	-	-	654,000
Share-based payments	11(b)	-	357,356	-	357,356
		654,000	357,356	-	1,011,356
<b>Balance at 30 June 2015</b>		<b>5,607,414</b>	<b>1,311,620</b>	<b>(7,111,081)</b>	<b>(192,047)</b>
Profit for the period		-	-	(3,457,790)	(3,457,790)
<b>Total comprehensive income for the period</b>		-	-	<b>(3,457,790)</b>	<b>(3,457,790)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued	11(a)	9,600,000	-	-	9,600,000
Capital raising costs	11(a)	(551,885)	-	-	(551,885)
Share-based payments	11(b)	-	75,217	-	75,217
Value of conversion rights on convertible notes	11(b)	-	161,213	-	161,213
		9,048,115	236,430	-	9,284,545
<b>Balance at 30 June 2016</b>		<b>14,655,529</b>	<b>1,548,050</b>	<b>(10,568,871)</b>	<b>5,634,708</b>

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

# ApplyDirect Limited

## Statement of cash flows For the year ended 30 June 2016

	Notes	30 June 2016 \$	30 June 2015 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		687,868	520,011
Payments to suppliers and employees		(3,544,299)	(1,636,015)
Interest and other costs of finance paid		(48,920)	(26,100)
Other income		5,900	27,274
R&D Claim		215,380	140,713
<b>Net cash outflow from operating activities</b>		<b>(2,684,071)</b>	<b>(974,117)</b>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment	6	(3,047)	(4,678)
<b>Net cash outflow from investing activities</b>		<b>(3,047)</b>	<b>(4,678)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares and other equity securities	11(a)	9,450,000	653,999
Capital raising costs		(557,000)	-
Proceeds from borrowings		1,350,000	250,000
Repayment of borrowings		(250,000)	-
<b>Net cash inflow from financing activities</b>		<b>9,993,000</b>	<b>903,999</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>7,305,882</b>	<b>(74,796)</b>
Cash and cash equivalents at the beginning of the financial year		78,236	153,032
<b>Cash and cash equivalents at end of period</b>	4	<b>7,384,118</b>	<b>78,236</b>

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



# ApplyDirect Limited

Notes to the financial statements 30 June 2016

(continued)

## 1. Summary of significant accounting policies

### (a) Corporate information

The Preliminary Final Report covers the entity ApplyDirect Limited (the 'Company'). The Company's principal activities are providing an innovative on-line database and search platform that links employers and job candidates directly to live job opportunities on employer websites.

The Company's Preliminary Final Report does not include all the notes of the type normally included in an Annual Final Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report would.

This Preliminary Final Report has been prepared in accordance with the recognition and measurement requirements, but not all disclosure requirements, of Australian Accounting Standards and Interpretations and the Corporations Act 2001. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards.

The Preliminary Final Report has been prepared on an accruals basis and is based on historical costs, except for the revaluation of certain non-current assets and financial instruments. Cost is based on fair values of the consideration given in exchange for assets.

The Preliminary Final Report is presented in Australian dollars.

### (b) 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 and the *Corporations Act 2001*. ApplyDirect Limited is a for-profit entity for the purpose of preparing the financial statements.

#### (i) Compliance with IFRS

The financial statements of the ApplyDirect Limited company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (ii) Historical cost convention

These financial statements have been prepared under the historical cost basis, except for the revaluation of certain financial instruments to fair value.

#### (iii) New and amended standards adopted by the group

The adoption of AASB 2013-3 and AASB 2014-1 did not have any impact on the current period or any prior period and is not likely to have any significant impact.

The Company also elected to adopt the following two standards early:

- AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle, and
- AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101.

# ApplyDirect Limited

## Notes to the financial statements 30 June 2016

(continued)

### 1. Summary of significant accounting policies (continued)

As these amendments merely clarify the existing requirements, they do not affect the group's accounting policies or any of the disclosures.

#### *(iv) New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been adopted early by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact	Mandatory application date/date of adoption by Company
AASB 9 Financial Instruments	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	While the group has yet to undertake a detailed assessment of the classification and measurement of financial assets and financial liabilities, it would appear that they all satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.
AASB 15 Revenue from Contracts with Customers	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	At this stage, the group is not able to estimate the effect of the new rules on the group's financial statements. The group will make more detailed assessments of the effect over the next twelve months.	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption. Expected date of adoption by the group: 1 January 2018.

# ApplyDirect Limited

Notes to the financial statements 30 June 2016

(continued)

## 1. Summary of significant accounting policies (continued)

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### (c) Foreign currency translation

#### (i) *Functional and presentation currency*

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars (\$), which is ApplyDirect Limited's functional and presentation currency.

#### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

### (d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### (i) *Revenue from services – Subscription revenue, Website Use*

##### Timing of recognition

Revenue from subscription services is recognised on a straight line basis over the accounting period in which the services are rendered. When amounts have been received but services not delivered at balance date the amount is recognised in unearned income.

##### Measurement of revenue

Subscription revenue is measured based on the underlying subscription agreement.

#### (ii) *Revenue from services – fee for one-off service or one-off job advertisement*

##### Timing of recognition

Revenue from fees for one service or one-off job advertisement is recognised in the accounting period in which the services are rendered.

##### Measurement of revenue

Revenue is measured based on the value of fee for service or job advertisement.

# ApplyDirect Limited

Notes to the financial statements 30 June 2016

(continued)

## 1. Summary of significant accounting policies (continued)

### (e) Government grants

The research and development ("R&D") tax offset ("R&D tax offset"), also known as the R&D Tax Incentive, replaced the R&D Tax Concession for research and development expenditure incurred in income years commencing on or after 1 July 2011. It provides for a 45% refundable tax offset for eligible R&D entities with an aggregated turnover of less than \$20 million per annum that are not controlled by exempt entities ("refundable R&D credit"), or a non-refundable 40% tax offset for all other eligible companies.

For financial reporting purposes, the R&D tax offset can be analogised as a government grant or an income tax item. General practice is that refundable R&D credits are accounted for as government grants.

The directors have considered AASB 112 Income Taxes ("AASB 112") and AASB 120 Accounting for Government Grants and Disclosure of Government Assistance ("AASB 120"). Given the above the directors have determined to recognise the R&D amount in accordance with AASB 120.

### (f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

# ApplyDirect Limited

Notes to the financial statements 30 June 2016

(continued)

## 1. Summary of significant accounting policies (continued)

### (g) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

### (h) Impairment of assets

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### (i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### (j) Trade receivables

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

### (k) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts. Plant and equipment that have been contributed for no cost or for a nominal cost are valued and recognised as the fair value of the asset at the date it is acquired.

# ApplyDirect Limited

## Notes to the financial statements 30 June 2016

(continued)

### 1. Summary of significant accounting policies (continued)

The depreciable amount of all fixed assets is recognised on a straight line basis over the asset's estimated useful life to the Company commencing from the time the asset is held ready for use. The useful life for each class of depreciable assets is:

Computer equipment	1-3 years
Plant and equipment	2-10 years
Furniture and fittings	2-50 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

#### (l) Intangible assets

Research costs are expensed as incurred. An intangible asset arising from the development expenditure on an internal project is recognised only when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

Development costs are capitalised only in accordance with this accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model.

#### (m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### (n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan.

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# ApplyDirect Limited

Notes to the financial statements 30 June 2016

(continued)

## 1. Summary of significant accounting policies (continued)

### (o) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### (p) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### (ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

#### (iii) Share-based payments

Share-based compensation benefits are provided to employees via the Employee Share Option Plan and an employee share scheme.

Share-based compensation benefits are provided to employees via the Company's EEIP. In addition to this, other Share based payments are undertaken for certain goods and services provided to the Company.

The fair value of Options granted under the EEIP is recognised as an employee benefits expense with a corresponding increase in equity (other Share based payments are recognised in the statement of profit or loss or directly in equity depending upon goods or services received).

# ApplyDirect Limited

Notes to the financial statements 30 June 2016

(continued)

## 1. Summary of significant accounting policies (continued)

The total amount to be expensed is determined by reference to the fair value of the Options granted, which included any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of Options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of Options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The EEIP is designed to provide long-term incentives for staff to deliver long-term shareholder returns. Under the EEIP, participants may be granted Shares, Options and/ or performance rights. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the EEIP or to receive any guaranteed benefits.

### (q) Contributed equity

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.

### (r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

### (s) Significant estimates and judgements

#### (i) *Deferred tax assets*

The Company has not recognised deferred tax assets relating to carried forward tax losses or timing differences. These amounts have not been recognised given the recognition requirements of AASB 112 and the fact the Company has not previously generated taxable income.

#### (ii) *Intangible assets*

Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a project has reached a defined milestone according to an established project management model.

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# ApplyDirect Limited

Notes to the financial statements 30 June 2016

(continued)

## 1. Summary of significant accounting policies (continued)

### (iii) Share based payments

The determination of the fair value of options granted requires the utilisation of numerous variables. The fair value at grant date was determined using a binomial or Black-Scholes option pricing model.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

### (iv) Convertible note

The directors consider that the carrying value of the financial liability in respect of the convertible notes recognised in the statement of financial position approximates its fair value as at 30 June 2016.

## 2. Segment information

The Company continues to operate in one segment, being the provision of an on-line database and search platform to link employers and job candidates. The segment details are therefore fully reflected in the body of the preliminary financial report.

## 3. Other income

The Company derives the following types of revenue:

	30 June 2016	30 June 2015
	\$	\$
Research and development income	251,725	215,381
Management fee	-	27,273
Support services	5,900	-
<b>Total other income</b>	<b>257,625</b>	<b>242,654</b>

## 4. Cash and cash equivalents

	30 June 2016	30 June 2015
	\$	\$
Cash at bank and in hand	<b>7,384,118</b>	78,236

# ApplyDirect Limited

Notes to the financial statements 30 June 2016

(continued)

## 5. Trade and other receivables

	30 June 2016	30 June 2015
	\$	\$
<b>Current</b>		
Trade receivables	101,898	224,907
GST receivable	212,559	-
R&D tax claim receivable	251,725	215,380
	<u>566,182</u>	<u>440,287</u>

## 6. Property, plant and equipment

	30 June 2016	30 June 2015
	\$	\$
<b>Plant and equipment</b>		
Cost or fair value	46,283	43,236
Accumulated depreciation	(37,592)	(31,309)
	<u>8,691</u>	<u>11,927</u>
Opening net book amount	11,927	13,052
Additions	3,047	4,678
Depreciation charge	(6,283)	(5,803)
	<u>8,691</u>	<u>11,927</u>

## 7. Trade and other payables

	30 June 2016	30 June 2015
	\$	\$
Trade payables	754,956	-
Other payables	153,617	278,023
	<u>908,573</u>	<u>278,023</u>

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

**ApplyDirect Limited**  
**Notes to the financial statements 30 June 2016**  
**(continued)**

**8. Borrowings**

	<b>30 June 2016</b>	30 June 2015
	\$	\$
Convertible notes	<b>1,214,020</b>	-
Loans from related parties	-	250,000
Total unsecured current borrowings	<b>1,214,020</b>	250,000

***Loan from related party***

The loan was provided to the Company by a director related entity at an interest rate of 5%. The loan was repaid in full during the 2016 year.

***Convertible notes***

The Company issued 1,350,000 convertible notes for \$1,350,000 on 10 March 2016 with no interest payable. The note conversion period ends on or before 21 December 2016.

Conversion by the noteholder

The noteholder may elect at any time up to 21 December 2016 to convert all their notes into shares and options at a rate of 5 shares and 5 options for every note converted. The noteholder is not entitled to receive any additional payments on account for this conversion.

Redemption by the noteholder

The noteholder may elect at any time up to the end of the note exercised period to redeem some or all of their notes. On redemption the noteholder is entitled to receive the principle amount of the notes redeemed as a cash payment, without interest, and 5 options for every note held.

Failure to convert or redeem

If the noteholder does not convert or redeem their notes during the note exercise period then at the Company's election the notes will be:

- converted and the noteholder will be entitled to be issued 5 shares and 5 options for each note converted; or
- redeemed and the noteholder will be entitled to receive the principal amounts of the notes as a cash payment, without interest, and 5 options for every note redeemed.

	<b>30 June 2016</b>	30 June 2015
	\$	\$
Face value of outstanding notes issued	<b>1,300,000</b>	-
Discount adjustment on outstanding notes on issue as at 30 June 2016	<b>(85,980)</b>	-
	<b>1,214,020</b>	-

At the year ended 30 June 2016 50,000 notes had been redeemed.

Terms of options

Options issued on the conversion or redemption of convertible notes will have an exercise price of \$0.25 and an expiry of 3 years from date of issue of the relevant options.

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# ApplyDirect Limited

Notes to the financial statements 30 June 2016

(continued)

## 9. Employee benefit obligations

	30 June 2016	30 June 2015
	\$	\$
<b>Current</b>		
Employee benefit obligations	79,029	30,650
<b>Non-current</b>		
Employee benefit obligations	47,650	24,675
	<u>126,679</u>	<u>55,325</u>

## 10. Deferred revenue

	30 June 2016	30 June 2015
	\$	\$
Other deferred income	<u>91,511</u>	<u>155,649</u>

Deferred revenue relates to unearned website subscription revenue paid in advance.

## 11. Equity

### (a) Share capital

	30 June 2016 Shares	30 June 2016 \$	30 June 2015 Shares	30 June 2015 \$
Ordinary shares				
Ordinary shares – fully paid	<u>164,521,823</u>	<u>14,655,529</u>	38,323,941	5,607,414
	<u>164,521,823</u>	<u>14,655,529</u>	38,323,941	5,607,414

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The ordinary shares have no par value.

### **Movement in ordinary shares:**

Details	Note	Number of shares	\$
Opening balance 1 July 2014		36,870,605	4,953,414
Shares issued	11(a)(i)	1,453,336	654,000
Balance 30 June 2015		38,323,941	5,607,414
Shares issued	11(a)(ii)	126,197,882	9,600,000
Capital raising costs		-	(551,885)
<b>Balance 30 Jun 2016</b>		<u>164,521,823</u>	<u>14,655,529</u>

# ApplyDirect Limited

Notes to the financial statements 30 June 2016

(continued)

## (a) Share capital (continued)

### (i) Details of ordinary share movement in the prior year

Date	Details	Number	Issue price	Value
			\$	\$
10 November 2014	Issue of shares to sophisticated investors	444,445	0.45	200,000
29 January 2015	Issue of shares to sophisticated investors	222,223	0.45	100,000
29 January 2015	Issue of shares to sophisticated investors	222,223	0.45	100,000
17 April 2015	Issue of shares to sophisticated investors	444,445	0.45	200,000
11 May 2015	Issue of shares to sophisticated investors	120,000	0.45	54,000
		1,453,336		654,000

### (iii) Details of ordinary share movement in the current year

Date	Details	Number	Issue price	Value
			\$	\$
24 August 2015	Issue of shares to sophisticated investors	400,000	0.50	200,000
3 September 2015	Issue of shares to sophisticated investors	200,000	0.50	100,000
15 October 2015	Issue of shares to sophisticated investors	2,100,000	0.50	1,050,000
16 October 2015	Issue of shares to directors	400,000	0.20	200,000
30 November 2015	Share split 4:1	124,271,823	-	-
18 January 2016	Share consolidation 4:3	(41,423,941)	-	-
16 June 2016	Issue of shares from convertible notes	250,000	0.20	50,000
22 June 2016	Issue of shares under IPO	40,000,000	0.20	8,000,000
		126,197,882		9,600,000

Note: \$150,000 of shares were issued during the period for nil cash consideration.

## (b) Share based payments reserve

	30 June 2016	30 June 2015
	\$	\$
Option reserve	<b>1,548,050</b>	1,311,620

	Year ended	
	30 June 2016	30 June 2015
	\$	\$
Movements in share based payment reserve		

### Movements in share based payment reserve

Opening balance	<b>1,311,620</b>	954,264
Share based payments - relating to options issued in prior period	<b>52,967</b>	1,763
Options issued	<b>22,250</b>	355,593
Value of options attached to convertible notes (refer to note 8)	<b>161,213</b>	-
Closing balance	<b>1,548,050</b>	1,311,620

# ApplyDirect Limited

Notes to the financial statements 30 June 2016

(continued)

## (b) Share based payments reserve (continued)

### (i) Details of options movement in the current year

Date	Details	Number	Value \$
28 September 2015	Issue of options under ESOP to employees and consultants	250,000	22,250
17 June 2016	Issue of options on conversion of convertible notes	250,000	-
		500,000	22,250

### (ii) Details of options movement in the prior year

Date	Details	Number	Value \$
28 April 2015	Issue of options under ESOP to employees and consultants	5,000,000	345,000
30 April 2015	Issue of options under ESOP to employees and consultants	1,135,000	10,593
		6,135,000	355,593

The share based payments reserve is used to recognise:

- The fair value of options issued to employees but not exercised; and
- The fair value of options issued for goods or services received but not exercised.

## 12. Cash flow information

### Reconciliation of profit after income tax to net cash inflow from operating activities

	Year ended	
	30 June 2016	30 June 2015
	\$	\$
<b>Loss for the period</b>	<b>(3,457,790)</b>	<b>(1,280,975)</b>
<b>Adjustment for</b>		
Depreciation	6,283	5,803
Convertible note – deemed interest	75,233	-
Share-based payment	100,000	-
Equity issued for nil consideration	75,467	357,356
<b>Change in operating assets and liabilities:</b>		
Movement in trade receivables	123,009	(76,467)
Movement in other current assets	(244,505)	(40,491)
Movement in accounts payable	759,801	20
Movement in fees in advance	(64,138)	(51,784)
Movement in provisions	71,354	15,482
Movement in other current liabilities	(128,785)	96,939
<b>Net cash inflow (outflow) from operating activities</b>	<b>(2,684,071)</b>	<b>(974,117)</b>

# ApplyDirect Limited

Notes to the financial statements 30 June 2016

(continued)

## 13. Earnings per share

### (a) Basic earnings per share

	Year ended	
	30 June 2016 Cents	30 June 2015 Cents
Basic loss per share (cents)	(3.62)	(1.14)
Diluted loss per share (cents)	(3.62)	(1.14)

### (b) Net loss

The net loss used in the calculation of basic and diluted earnings per share is \$3,457,790 (2015: \$1,280,975).

### (c) Weighted average number of shares used as the denominator

	Year ended	
	30 June 2016 Number	30 June 2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	95,396,741	112,338,925

Options that are considered to be potential ordinary shares are excluded from the weighted average number of ordinary shares used in the calculation of basic loss per share. All the options on issue do not have the effect of diluting the loss per share therefore, they have been excluded from the calculation of diluted loss per share.

Capital was split on 4:1 basis on 30 November 2015 and consolidated on a 4:3 basis on the 18 January 2016. Comparative results for Net Tangible Assets and Earnings Per Share have been restated to reflect these splits and consolidations.