

ApplyDirect Limited

Appendix 4D

Half year report

For the Half year ended 31 December 2016

Name of entity:	ApplyDirect Limited
ABN or equivalent company reference:	ACN 123 129 162
Current reporting period:	the half year ended 31 December 2016
Previous corresponding period:	the half year ended 31 December 2015

Results for announcement to the market

				\$
Revenue for ordinary activities	Up	4.6%	to	319,954
Net loss after tax (from ordinary activities) for the period attributable to members	Up	35.4%	to	2,083,567
Net loss for the period attributable to members	Up	35.4%	to	2,083,567
		31 December 2016		30 June 2016
Net tangible asset per share		\$		\$
Net tangible asset per share (cents)		2.93		3.42

Explanation of results

For the half year period ended 31 December 2016, the Company recognised an amount of \$319,954 in revenue for ordinary activities, and \$2,083,567 in net loss. Refer to the Review of results and operations section on page 2 of the Directors' report for more information.

Dividends

	Amount per security	Franked amount per security
Interim dividend (per share)	-	-
Final dividend (per share)	-	-
Franking	-	-

Record date for determining entitlements to the dividend - not applicable

Other information required by Listing Rule 4.2A

- Distribution Reinvestment Plan - not applicable
- Changes in controlled entities - not applicable
- Details of associates and joint venture entities - not applicable
- Foreign entities - not applicable
- Details of individual and total dividends or distributions and dividend or distribution payments - not applicable

Interim review

The interim financial report was not subject to a modified opinion, emphasis of matter or other matter paragraph.

ApplyDirect Limited

ABN 29 123 129 162

Interim financial report for the half year 31 December 2016

ApplyDirect Limited ABN 29 123 129 162

Interim financial report - 31 December 2016

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by ApplyDirect Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors	Mr Michael Kay <i>Chairman</i> Mr Bryan Petereit <i>Executive Director</i> Mr Drew Ilsley <i>Non-Executive Director</i> Mr Anthony Charles <i>Independent Non-Executive Director</i>
Secretary	Mr Philip Hains
Principal registered office in Australia	Unit 3, 3 Wellington Street Kew Melbourne 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

Directors' report

Your directors present the interim financial report of the company for the half year ended 31 December 2016.

Directors

The following persons held office as directors of ApplyDirect Limited during the financial period and up to the date of this report, unless otherwise stated:

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

Review of results and operations

The key focus for ApplyDirect over the six months ended 31 December 2016 (1H17) was to establish a team with the capability required to deliver the Company's strategy. This team has now been assembled, and is firmly positioned to build significant momentum in the second half of FY17. Consistent with the Company's strategy, communicated to the market in November 2016, the healthcare and government sectors are the immediate verticals of focus.

Since mid-January, the newly enhanced sales team has been extremely active. In a relatively short time period, considerable momentum has been established. Further, the strategic alliance with Mercury Group of Companies (Mercury) is providing instant credibility with new prospects, therefore accelerating the acceptance of HealthBuzz by the health industry.

Specifically, in addition to building a strong pipeline, a number of opportunities have already been converted. As at lodgement date, more than 10 employers are subscribing to HealthBuzz. Based on the current level of acceptance, the sales team is excited by the opportunity to successfully penetrate the healthcare vertical.

Financial results

	31 December 2016 \$	31 December 2015 \$	% Change
1H17 Summary			
Revenue from continuing operations	319,954	305,821	4.62%
Employee benefits expense	(1,085,551)	(382,127)	184.08%
Total Expenses	(2,403,521)	(1,844,217)	30.33%
Loss for the period	(2,083,567)	(1,538,396)	35.44%
	31 December 2016 \$	30 June 2016 \$	% Change
Cash balance	5,188,077	7,384,118	(29.74)%

The Company reported a loss of \$2.08 million for 1H17. Total revenue increased 4.6% over 1H17. Total expenses increased by 30.3%, which is consistent with the Company's stated plan to build capability.

The closing cash position as at 31 December 2016 was \$5.2 million compared with \$7.4 million as at 30 June 2016.

Review of results and operations (continued)

Operations

During 1H17 the Company realised its objective of recruiting a highly credentialed executive team and setting strategic priorities to ensure the necessary focus to drive success. Other milestones achieved over 1H17 include:

- Recruiting a ready-made sales team with deep industry experience;
- Setting strategic priorities with a near-term focus on healthcare and government;
- Executing a strategic alliance with Mercury;
- Successfully launching the ApplyDirect subdomain, HealthBuzz in December 2016, an industry first talent search platform for the healthcare industry that combines the power of ApplyDirect's search engine with a newly developed healthcare specific user interface; and
- Converting all of the Company's convertible notes (issued in March 2016) to equity, resulting in a debt free balance sheet. Further, the election of noteholders to convert is an endorsement of the Company's strategy and commitment to building enduring shareholder value.

Sales capability

The Company's Sales Director, Kevin Maher, commenced in mid-December. His initial focus has been on recruiting industry experienced sales representatives and as a result the sales team has more than doubled by lodgement date.

The majority of the sales team is field based, targeting enterprise customers. Small-to-medium size customers are targeted by our inside sales team. This positions the business to achieve significant sales momentum in 2H17.

Strategic priorities

In November 2016, the Company presented its key strategic priorities:

- Build scale and relevance in a select number of industry verticals;
- Engage channel partners to build leverage into sales and marketing initiatives;
- Align and focus brand strategy with select industry verticals; and
- Become the industry standard for candidate experience.

Healthcare and government represent the verticals of focus to 30 June 2017.

Mercury strategic alliance and launch of HealthBuzz

In accelerating execution of the healthcare strategy, the Company entered into a strategic alliance with Mercury in November 2016. Mercury is a highly credentialed and well established technology provider in the healthcare sector. This alliance strategically positions ApplyDirect to quickly penetrate the highly attractive healthcare sector, providing job seekers with a one stop shop from search to application.

In December 2016, ApplyDirect launched HealthBuzz. This platform combines the power of the ApplyDirect search engine with a newly developed user interface. Importantly, HealthBuzz's industry first integration with Mercury's suite of products augments its points of difference from both a job seeker and employer perspective.

Convertible notes

100% of the Company's Convertible Notes (Notes) have converted in accordance with the terms outlined in the Prospectus. The Notes were issued in March 2016 with a term of six months from the listing date. The Company's balance sheet is now debt free.

The election of all noteholders to convert to equity is a testament to the noteholders' commitment to the Company's strategy and belief in its future prospects.

Review of results and operations (continued)

Outlook

ApplyDirect's immediate objective is clear - leverage the Company's platform, and recently enhanced capability, to build a sustainable and expanding revenue base across both the healthcare and government verticals.

Over 2H17 the Company aims to achieve a number of key milestones, including:

- Attracting a significant number of visits to the HealthBuzz platform for the six months to 30 June 2017, resulting in a considerable ramp up for a product recently launched into the market;
- Commensurate with the investment of sales capability, increasing the number of subscriptions, with the majority of this growth coming from health. Since onboarding the new sales team in mid-January 2017, the pipeline continues to build with more than 10 employers signed up as at lodgement date;
- Renewing of subscriptions by the significant majority of existing ApplyDirect customers. As at lodgement date, a number of existing customers, including Optus, have renewed their subscription;
- Focusing R&D on the development of additional government modules, which will greatly enhance ApplyDirect's points of difference in this sector; and
- Expanding the ongoing contribution of government through both advertising and project based revenue. Both the Department of Defence and the NSW Government are contributing to this pipeline, with other related opportunities at various stages of advancement.

Each of these expected outcomes are underpinned by the strategic thinking and careful planning necessary to guide the Company's advancement towards significance in both healthcare and government, with other verticals to follow.

ApplyDirect will continue to raise awareness of its unique business model with corporates and government, and regularly communicate with the investment market and other stakeholders any material updates on key milestones.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect:

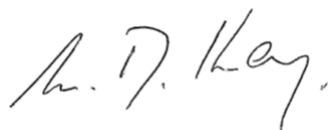
- (a) the company's operations in future financial periods, or
- (b) the results of those operations in future financial periods, or
- (c) the company's state of affairs in future financial periods.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

The Directors report has been issued following a resolution of the Directors pursuant to section 306(3) of the *Corporations Act 2001*.

For and on behalf of the Board,



Mr Michael Kay
Director

Melbourne
24 February 2017

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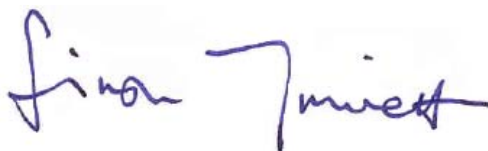
Auditor's Independence Declaration To The Directors of ApplyDirect Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of ApplyDirect Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Simon Trivett
Partner - Audit & Assurance

Melbourne, 24 February 2017

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ApplyDirect Limited
Statement of profit or loss and other comprehensive income
For the half year ended 31 December 2016

		31 December 2016	31 December 2015
	Notes	\$	\$
Revenue from continuing operations			
Operating revenue		289,884	305,821
Other income		30,070	-
		319,954	305,821
 Expenses			
Employee benefits expense	5	(1,085,551)	(382,127)
Professional fees		(205,735)	(564,213)
Marketing expense		(657,300)	(475,354)
Travel expenses		(32,936)	(37,187)
Administration and other expenses		(151,805)	(89,503)
Software development		(184,214)	(251,779)
Finance expenses	6	(85,980)	(44,054)
Loss before income tax		(2,083,567)	(1,538,396)
 Income tax expense		-	-
Loss for the period		(2,083,567)	(1,538,396)
 Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
 Total comprehensive loss for the period		(2,083,567)	(1,538,396)
		Cents	Cents
 Loss per share attributable to the ordinary equity holders of the company:			
Basic loss per share	9	(1.2)	(1.3)
Diluted loss per share	9	(1.2)	(1.3)

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

ApplyDirect Limited
Statement of financial position
As at 31 December 2016

	31 December 2016	30 June 2016
Notes	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	5,188,077	7,384,118
Trade and other receivables	404,047	566,182
Other current assets	48,150	-
Total current assets	5,640,274	7,950,300
Non-current assets		
Property, plant and equipment	21,814	8,691
Other non-current assets	16,500	16,500
Total non-current assets	38,314	25,191
Total assets	5,678,588	7,975,491
LIABILITIES		
Current liabilities		
Trade and other payables	445,450	908,573
Borrowings	-	1,214,020
Deferred revenue	89,294	91,511
Employee benefit obligations	65,920	79,029
Total current liabilities	600,664	2,293,133
Non-current liabilities		
Employee benefit obligations	54,751	47,650
Total non-current liabilities	54,751	47,650
Total liabilities	655,415	2,340,783
Net assets	5,023,173	5,634,708
EQUITY		
Share capital	16,033,935	14,655,529
Reserve	1,641,676	1,548,050
Accumulated losses	(12,652,438)	(10,568,871)
Total equity	5,023,173	5,634,708

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

ApplyDirect Limited
Statement of changes in equity
For the half year ended 31 December 2016

	Share capital \$	Other reserves \$	Retained earnings \$	Total \$
Balance at 1 July 2015	5,607,414	1,311,620	(7,111,081)	(192,047)
Loss for the period	-	-	(1,538,396)	(1,538,396)
Transactions with owners in their capacity as owners:				
Shares issued	1,550,000	-	-	1,550,000
Capital raising costs	(72,250)	-	-	(72,250)
Share-based payment expense	-	75,217	-	75,217
	1,477,750	75,217	-	1,552,967
Balance at 31 December 2015	7,085,164	1,386,837	(8,649,477)	(177,476)
Balance at 1 July 2016	14,655,529	1,548,050	(10,568,871)	5,634,708
Loss for the period	-	-	(2,083,567)	(2,083,567)
Transactions with owners in their capacity as owners:				
Share-based payment expense	-	122,164	-	122,164
Shares issued - conversion of convertible notes	1,300,000	-	-	1,300,000
Shares issued - options exercised	78,406	(28,538)	-	49,868
	1,378,406	93,626	-	1,472,032
Balance at 31 December 2016	16,033,935	1,641,676	(12,652,438)	5,023,173

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

ApplyDirect Limited
Statement of cash flows
For the half year ended 31 December 2016

	31 December 2016 \$	31 December 2015 \$
Cash flows from operating activities		
Receipts from customers	312,425	633,458
Payments to suppliers and employees	(2,580,315)	(1,572,146)
Interest received	30,070	-
Interest and other costs of finance paid	(1,977)	(44,054)
Net cash (outflow) from operating activities	(2,239,797)	(982,742)
Cash flows from investing activities		
Payments for property, plant and equipment	(6,112)	(3,046)
Net cash (outflow) from investing activities	(6,112)	(3,046)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	49,868	1,550,000
Capital raising costs	-	(50,000)
Repayment of borrowings	-	(250,000)
Net cash inflow from financing activities	49,868	1,250,000
Net (decrease) increase in cash and cash equivalents	(2,196,041)	264,212
Cash and cash equivalents at the beginning of the financial year	7,384,118	78,236
Cash and cash equivalents at end of period	5,188,077	342,448

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

1 Basis of preparation of half-year report

The condensed interim financial statements ('the interim financial statements') of the company are for the six (6) months ended 31 December 2016 and are presented in Australian Dollar (\$), which is the functional currency of the Company. These interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the financial statements of the company for the year ended 30 June 2016 and any public announcements made by the company during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on XX February 2017.

(a) Going concern

The interim financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

2 Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the company's last annual financial statements for the year ended 30 June 2016.

The accounting policies have been applied consistently throughout the company for the purposes of preparation of these interim financial statements.

3 Critical accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(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.

(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.

4 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 interim financial report.

5 Expenses

31 December	31 December
2016	2015
\$	\$

Loss before income tax includes the following specific expenses:

Employee benefits expenses

Share based payments	122,164	52,967
Salaries and wages	873,099	283,532
Other employee related expenses	90,288	45,628
Total employee benefits expenses	1,085,551	382,127

6 Borrowings

31 December	30 June
2016	2016
\$	\$

Convertible notes	-	1,214,020
	-	1,214,020

(a) 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. During the period ended 31 December 2016, all noteholder have elected to covert all their notes into shares and options and thus, there was no outstanding convertible note balance at period end.

(i) 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.

(ii) 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.

(iii) 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.

6 Borrowings (continued)

(a) Convertible notes (continued)

(iv) Movement of convertible notes

	31 December 2016 \$	30 June 2016 \$
Carrying value at the beginning of the period	1,214,020	-
Issue of convertible notes - face value	-	1,350,000
Fair value of equity component - conversion right	-	(161,213)
Redemption of convertible notes	(1,300,000)	(50,000)
Unwinding of discount	85,980	75,233
Carrying value at the end of the period	-	1,214,020

(v) Terms of options

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

7 Share capital

(a) Ordinary shares

	31 December 2016 Shares	31 December 2015 Shares	31 December 2016 \$	31 December 2015 \$
Ordinary shares - fully paid	171,463,135	165,695,768	16,033,935	7,085,165
	171,463,135	165,695,768	16,033,935	7,085,165

(b) Movements in ordinary share capital

	Number of shares	\$
31 December 2015		
Opening balance	38,323,941	5,607,415
Shares issued	3,100,000	1,550,000
Capital raising costs	-	(72,250)
Share split 4:1	124,271,827	-
Closing balance	165,695,768	7,085,165
31 December 2016		
Opening balance	164,521,823	14,655,529
Shares issued	6,941,309	1,349,868
Transfer from reserve for value of options exercised	-	28,538
Closing balance	171,463,132	16,033,935

7 Share capital (continued)

(c) Details of ordinary share movements

31 December 2015

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 from convertible notes	400,000	0.50	200,000
		3,100,000		1,550,000

31 December 2016

Date	Details	Number	Issue price (\$)	Value (\$)
19 August 2016	Issue of shares from convertible notes	125,000	0.20	25,000
23 August 2016	Issue of shares from convertible notes	750,000	0.20	150,000
5 September 2016	Issue of shares from convertible notes	750,000	0.20	150,000
9 September 2016	Issue of shares from convertible notes	250,000	0.20	50,000
29 September 2016	Issue of shares from convertible notes	500,000	0.20	100,000
29 September 2016	Issue of shares from exercise of options	441,309	0.11	49,868
7 October 2016	Issue of shares from convertible notes	1,000,000	0.20	200,000
14 October 2016	Issue of shares from convertible notes	50,000	0.20	10,000
29 November 2016	Issue of shares from convertible notes	1,000,000	0.20	200,000
2 December 2016	Issue of shares from convertible notes	950,000	0.20	190,000
12 December 2016	Issue of shares from convertible notes	250,000	0.20	50,000
19 December 2016	Issue of shares from convertible notes	875,000	0.20	175,000
		6,941,309		1,349,868

8 Reserves

	31 December 2016 \$	31 December 2015 \$
Other reserves	1,641,676	1,386,837
	1,641,676	1,386,837

(a) Movements in other reserves

	31 December 2016 \$	31 December 2015 \$
Movements in other reserves		
Opening balance	1,548,050	1,311,620
Share based payments - relating to options issued during the period	122,164	22,250
Share based payments - relating to options issued in prior period	-	52,967
Options exercised	(28,538)	-
Closing balance	1,641,676	1,386,837

8 Reserves (continued)

(b) Details of movements in other reserves

31 December 2015

Date	Details	Number	Value (\$)
28 September 2015	Issue of options to employees and consultants	250,000	22,250
		250,000	22,250

31 December 2016

Date	Details	Number	Value (\$)
19 August 2016	Issue of options on conversion of convertible notes	125,000	-
24 August 2016	Issue of options on conversion of convertible notes	750,000	-
5 September 2016	Issue of options on conversion of convertible notes	750,000	-
9 September 2016	Issue of options on conversion of convertible notes	250,000	-
12 September 2016	Issue of options to employee	3,666,667	45,776
12 September 2016	Issue of options to employee	3,666,667	38,455
12 September 2016	Issue of options to employee	3,666,666	31,466
29 September 2016	Issue of options on conversion of convertible notes	500,000	-
7 October 2016	Issue of options on conversion of convertible notes	1,000,000	-
10 October 2016	Issue of options to employee	464,601	5,010
14 October 2016	Issue of options on conversion of convertible notes	50,000	-
28 November 2016	Issue of options on conversion of convertible notes	1,000,000	-
2 December 2016	Issue of options to employee	365,043	1,457
2 December 2016	Issue of options on conversion of convertible notes	950,000	-
12 December 2016	Issue of options on conversion of convertible notes	250,000	-
19 December 2016	Issue of options on conversion of convertible notes	875,000	-
		18,329,644	122,164

The value of options issued on conversion of convertible notes of have been recognised in prior period, refer to note 6(a)(iv) for details.

The 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 and services received but not exercised.

9 Loss per share

(a) Basic & diluted loss per share

	31 December 2016 Cents	31 December 2015 Cents
Basic loss per share	(1.2)	(1.3)
Diluted loss per share	(1.2)	(1.3)

9 Loss per share (continued)

(b) Reconciliation of loss used in calculating loss per share

	31 December 2016 \$	31 December 2015 \$
Loss attributable to the ordinary equity holders of the company used in calculating basic & diluted loss per share:	<u>(2,083,567)</u>	<u>(1,538,396)</u>

(c) Weighted average number of shares used as denominator

	2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic & diluted loss per share	<u>167,152,928</u>	<u>119,357,069</u>

10 Share-based payments

(a) Options granted

	31 December 2016 Number of options	31 December 2016 Average exercise price (\$)	31 December 2015 Number of options	31 December 2015 Average exercise price (\$)
Opening balance	30,635,469	0.29	29,885,469	0.29
Granted during the period	11,829,644	0.85	250,000	0.33
Exercised during the period	(441,309)	0.11	-	-
Closing balance	<u>42,023,804</u>	<u>0.23</u>	<u>30,135,469</u>	<u>0.29</u>

(b) Fair value of options granted

Grant date	Exercise price \$	Number of options granted	Expected share price volatility	Years to expiry	Dividend yield	Risk-free interest rate	Fair value at grant date \$
12-Sep-16	0.60	3,666,667	80%	4	Nil	1.65%	607,567
12-Sep-16	0.85	3,666,667	80%	4	Nil	1.65%	510,400
12-Sep-16	1.20	3,666,666	80%	4	Nil	1.65%	417,633
10-Oct-16	0.385	464,601	80%	4	Nil	1.73%	89,203
2-Dec-16	0.385	365,043	80%	4	Nil	2.12%	73,374
		<u>11,829,644</u>					<u>1,698,177</u>

10 Share-based payments (continued)

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	31 December 2016	31 December 2015
	\$	\$
Options issued under ESOP	-	75,127
Options issued - other	122,164	-
	122,164	75,127

11 Contingencies

The company had no contingent liabilities at 31 December 2016 (2015: nil).

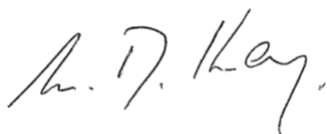
12 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company or economic entity in subsequent financial periods.

In the directors' opinion:

- (a) the interim financial statements and notes set out on pages 6 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the entity's financial position as at 31 December 2016 and of its performance for the half year on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

This declaration is made in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'M. D. Kay'.

Mr Michael Kay
Director
Melbourne
24 February 2017

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Independent Auditor's Review Report To The Members of Applydirect Limited

We have reviewed the accompanying half-year financial report of ApplyDirect Limited (the Company), which comprises the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The Directors of ApplyDirect Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the ApplyDirect Limited financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ApplyDirect Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the *Corporations Act 2001*.

Electronic Presentation of Reviewed Financial Report

This auditor's review report relates to the financial report of ApplyDirect Limited for the half-year ended 31 December 2016 included on ApplyDirect Limited's website. The Company's Directors are responsible for the integrity of ApplyDirect Limited's website. We have not been engaged to report on the integrity of ApplyDirect Limited's website. The auditor's review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this website.

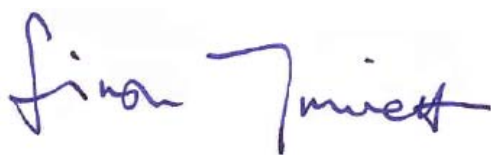
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of ApplyDirect Limited is not in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Simon Trivett
Partner - Audit & Assurance

Melbourne, 24 February 2017