

# ApplyDirect Limited

## Appendix 4D

### Half year report

### For the Half year ended 31 December 2017

|   |                                      |
|---|--------------------------------------|
| <b>Name of entity:</b>                      | ApplyDirect Limited                  |
| <b>ABN or equivalent company reference:</b> | ACN 123 129 162                      |
| <b>Current reporting period:</b>            | the half year ended 31 December 2017 |
| <b>Previous corresponding period:</b>       | the half year ended 31 December 2016 |

#### Results for announcement to the market

|  |    |                         |    |                 |
|--|----|-------------------------|----|-----------------|
|  |    |                         |    | \$              |
| Revenue for ordinary activities  | Up | 85.06%                  | to | 592,122         |
| Net loss after tax for the period attributable to members (from ordinary activities) | Up | 32.38%                  | to | 2,758,206       |
| Net loss for the period attributable to members                                      | Up | 32.38%                  | to | 2,758,206       |
|  |    | <b>31 December 2017</b> |    | 30 June 2017    |
|  |    | <b>\$ cents</b>         |    | <b>\$ cents</b> |
| <b>Net tangible asset per share</b>  |    |                         |    |                 |
| Net tangible asset per share   |    | <b>1.33</b>             |    | 1.64            |

#### Explanation of results

For the half year period ended 31 December 2017, the Company recognised an amount of \$592,122 in revenue, and \$2,758,206 in net loss. Refer to the "Review of operations" 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 2017**

# **ApplyDirect Limited** ABN 29 123 129 162

## **Interim financial report - 31 December 2017**

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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 2017 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  
*Non-Executive Chairman*

Mr Bryan Petereit  
*Executive Director*

Mr Drew Ilsley  
*Non-Executive Director*

Mr Anthony Charles  
*Independent Non-Executive Director*

**Company Secretary**

Mr Philip Hains

**Principal registered office in Australia**

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**Share and debenture register**

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Level 12, 680 George Street  
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**Auditor**

Grant Thornton Audit Ltd  
Level 7, Collins Square, Tower One  
727 Collins Street  
Melbourne Victoria 3008

**Solicitors**

Minter Ellison  
Level 23, 525 Collins Street  
Melbourne Victoria 3000

**Website**

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

## **Directors' report**

Your directors present the interim financial report of ApplyDirect Limited (ApplyDirect or the Company) for the half year ended 31 December 2017.

### **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 (Non-Executive Chairman)  
Mr Bryan Petereit (Chief Technology Officer & Executive Director)  
Mr Drew Ilsley (Non-Executive Director)  
Mr Anthony Charles (Independent Non-Executive Director)

### **Review of operations**

#### **Year to date highlights:**

- Operating revenue of \$0.59 million, up 104% from the prior period (HY2017 \$0.29 million)
- Successful share placement to institutional and sophisticated investors and share purchase plan raised \$4.5 million
- Victorian Government tender win to design, build, host and maintain its careers portal
- Engaged by the NSW Government to develop a mobile app for the [iworkfor.nsw.gov.au](http://iworkfor.nsw.gov.au) careers portal
- Collaboration with Google to incorporate the Google Cloud Job Discovery search engine into ApplyDirect's integrated talent acquisition solution
- Further penetration of the health services sector with new customers signed up to the integrated talent acquisition solution
- Strong growth in media sales with increasing market penetration

The year to date has been highlighted by delivery on the Company's key priorities. New client wins in the government and health services sectors have assisted the Company to further penetrate those key industry verticals and will be a core contributor to accelerating revenue growth into the second half of FY2018.

The recently announced collaboration with Google, one of the first of its kind in Australia, perfectly complements ApplyDirect's solution suite and further strengthens its capability to provide tailored recruitment solutions that assist employers to unlock significant financial benefits.

The Company's recruitment solutions simplify the connection between employers and job seekers, bringing them together directly, without the need for recruiters and other intermediaries. In so doing, it creates significant financial benefits for the employer, improved employer brand and an enhanced candidate experience.

The integration of Google Cloud Job Discovery into the ApplyDirect talent acquisition solution is important because it will significantly enhance an employer's discoverability, effectively turbo-charging the ApplyDirect solution and increasing the return on investment for employers.

As one of the first companies in Australia to have access to Google's Cloud Job Discovery, ApplyDirect has a unique opportunity to leverage this new capability and significantly accelerate the penetration of our target markets.

## Financial Results

### 1H18 Summary

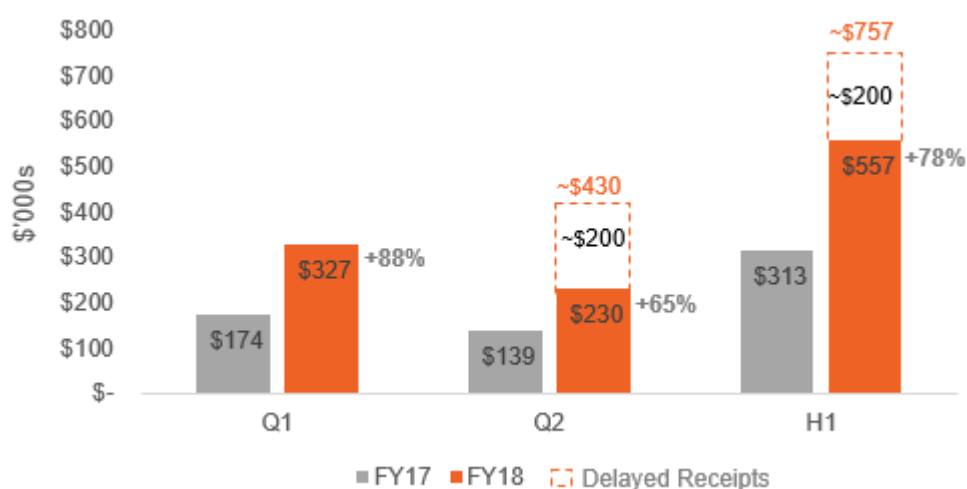
|                                    | 31 December<br>2017<br>\$ | 31 December<br>2016<br>\$ | %<br>Change |
|------------------------------------|---------------------------|---------------------------|-------------|
| Operating revenue                  | 591,579                   | 289,884                   | 104.07%     |
| Other income                       | 543                       | 30,070                    | (98.19%)    |
| Revenue from continuing operations | 592,122                   | 319,954                   | 85.06%      |
| Employee benefits expense          | (1,499,398)               | (1,085,551)               | 38.12%      |
| Total expenses                     | (3,350,328)               | (2,403,521)               | 39.39%      |
| Loss for the period                | (2,758,206)               | (2,083,567)               | 32.38%      |
|                                    | 31 December<br>2017<br>\$ | 31 December<br>2016<br>\$ | %<br>Change |
| Cash balance                       | 3,459,851                 | 3,209,838                 | 7.79%       |

The Company reported a loss of \$2.8 million for 1H18. Total operating revenue increased 104.07% over 1H17 driven primarily by the Company's increased traction within the Government sector and the continued growth of its Media revenue stream. Total expenses increased by 39.39%, which is consistent with business growth and investment in building capability.

The closing cash position as at 31 December 2017 was \$3.46 million compared to \$3.21 million as at 31 December 2016. The cash balance at the end of 1H18 includes proceeds of the recent share placement totaling approximately \$2.6 million.

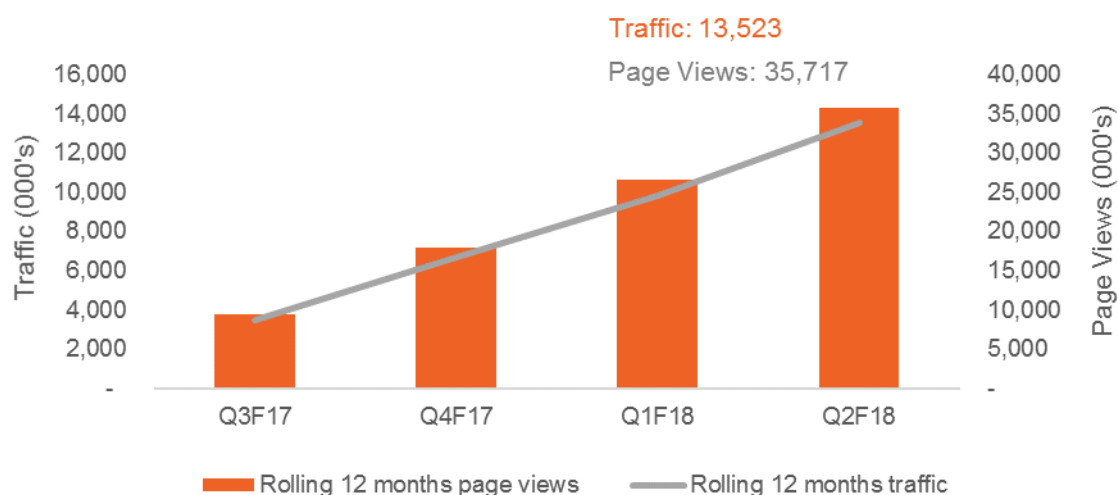
## Developing business momentum

### Cash receipts from customers



Cash receipts from customers has grown 78% on the same time in the prior year. Approximately \$200k in cash receipts were delayed to 2H18 due to the delay in contract sign off with NSW and Victorian Governments.

## ApplyDirect Ecosystem



The Company is continuing to attract over 1 million visitors on a monthly basis across the ApplyDirect ecosystem.

### Government

In January, the Company announced that it has signed a managed services agreement with the Victorian Government relating to its whole of Government careers portal. Under the agreement, the Company has been engaged to redesign, build, host and maintain the Victorian Government careers portal and provide related digital marketing services.

The new partnership with the Victorian Government, along with its existing partnership with the NSW Government, means that the careers platforms of the two largest employers in Australia will be powered by ApplyDirect. The Victorian and NSW governments represent over 800,000 employees, or almost 50% of all Australian public-sector jobs (excluding local government).

Similar to the engagement with the NSW Government, the Company expects that the partnership with the Victorian Government will lead to a significant pipeline of additional opportunities. The combined departments and services of the Victorian and NSW Governments represent in excess of 300 opportunities for ApplyDirect to implement its unique recruitment solutions and it is expected that this will deliver substantial ongoing revenue growth opportunities for the Company in FY2019 and beyond.

### Google Collaboration

The Company announced in January that it would participate in Google's Cloud Job Discovery beta program as it introduces its job search and machine learning technology to the Australian market. ApplyDirect's adoption of Cloud Job Discovery is one of the first of its kind in Australia. Cloud Job Discovery is part of the Google for Jobs initiative, powering smarter job searches and recommendations to make the right jobs for the right job seekers easier to discover.

ApplyDirect's collaboration with Google is a win-win. Customers will benefit from more traffic and applications from qualified, motivated candidates to their career sites, which will have an optimised recruitment experience developed by ApplyDirect. Additionally, job seekers will experience continuously improving search functionality delivered by Google's machine learning technology.

The integration with Google Cloud Job Discovery is expected to be completed by the end of the March 2018 quarter.

## New Business / Media

ApplyDirect's talent acquisition solution continues to develop momentum and the recent new customer signings further consolidate the Company's position in the health sector.

Importantly, one of the recent agreements is with a customer who was previously a subscriber to our HealthBuzz jobs platform. Our talent acquisition solution will provide such customers with significant incremental value and ultimately, drive a higher return on investment. For ApplyDirect, it will provide higher revenue per job, as well as the benefits of a longer term and deeper relationship with our customers. Further, it highlights the potential to upsell existing customers the end-to-end solution.

As traffic to the Company's platforms increases, our media product continues to gain traction. Based on the success of the campaign, First State Super has engaged ApplyDirect to run further campaigns to 30 June 2018. Other media customer wins have included campaigns with Monash University, TAC in Victoria, the Department of Human Services and Department of Justice in Victoria.

## Capital Raising

Through December 2017 and January 2018, the Company completed a share placement to institutional and sophisticated investors raising \$3.5 million at \$0.09 per share. A share purchase plan for existing shareholders was completed in January 2018 raising just over \$1 million at \$0.09 per share.

## Outlook

ApplyDirect's key priorities for the remainder of FY2018 include:

- Implementation of the Victorian Government's job portal;
- Integration to Google's Job Cloud Discovery; and
- Conversion of the new customer pipeline.

As such, management expects strong uplift in new customers in the second half of the financial year.

## Matters subsequent to the end of the financial period

Subsequent to period end the Company has completed the following transactions to raise additional equity (pre any associated capital raising costs):

- The raising of \$36,243 via the issuance of 402,701 ordinary shares via the conversion of options
- The raising of \$898,989 via the issuance of 9,988,766 ordinary shares via a share placement
- The raising of \$1,031,130 via the issuance of 11,457,001 ordinary shares via a share placement plan

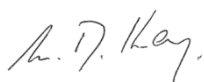
No additional matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or in subsequent financial periods.

## 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 6.

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  
27 February 2018





# Grant Thornton

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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 2017. 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

S C Trivett  
Partner – Audit & Assurance

Melbourne, 27 February 2018

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**ApplyDirect Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half year ended 31 December 2017**

|   |       | <b>31 December<br/>2017</b> | 31 December<br>2016 |
|---|-------|-----------------------------|---------------------|
|   | Notes | \$                          | \$                  |
| <b>Revenue from continuing operations</b>   |       |                             |                     |
| Operating revenue   |       | <b>591,579</b>              | 289,884             |
| Other income  |       | <b>543</b>                  | 30,070              |
|   |       | <b>592,122</b>              | 319,954             |
| <b>Expenses</b>   |       |                             |                     |
| Employee benefits expense   | 5     | <b>(1,499,398)</b>          | (1,085,551)         |
| Professional fees   |       | <b>(533,469)</b>            | (205,735)           |
| Marketing expense   |       | <b>(829,841)</b>            | (657,300)           |
| Travel expenses   |       | <b>(15,961)</b>             | (32,936)            |
| Administration and other expenses   |       | <b>(188,783)</b>            | (151,805)           |
| Software development  |       | <b>(280,864)</b>            | (184,214)           |
| Finance expenses  |       | <b>(2,012)</b>              | (85,980)            |
| <b>Total expenses</b>   |       | <b>(3,350,328)</b>          | (2,403,521)         |
| <b>Loss before income tax</b>   |       | <b>(2,758,206)</b>          | (2,083,567)         |
| Income tax expense  |       | -                           | -                   |
| <b>Loss for the period</b>  |       | <b>(2,758,206)</b>          | (2,083,567)         |
| <b>Other comprehensive income</b>   |       |                             |                     |
| <b>Other comprehensive income for the period, net of tax</b>                      |       | -                           | -                   |
| <b>Total comprehensive loss for the period</b>                                    |       | <b>(2,758,206)</b>          | (2,083,567)         |
| <b>Loss per share attributable to the ordinary equity holders of the company:</b> |       | <b>\$ cents</b>             | <b>\$ cents</b>     |
| Basic loss per share  | 8     | <b>(1.6)</b>                | (1.2)               |
| Diluted loss per share  | 8     | <b>(1.6)</b>                | (1.2)               |

*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 2017**

|                                      | 31 December<br>2017 | 30 June<br>2017  |
|--------------------------------------|---------------------|------------------|
| Notes                                | \$                  | \$               |
| <b>ASSETS</b>                        |                     |                  |
| <b>Current assets</b>                |                     |                  |
| Cash and cash equivalents            | 3,459,851           | 3,209,838        |
| Trade and other receivables          | 316,449             | 401,406          |
| <b>Total current assets</b>          | <b>3,776,300</b>    | <b>3,611,244</b> |
| <b>Non-current assets</b>            |                     |                  |
| Property, plant and equipment        | 28,432              | 33,868           |
| Other non-current assets             | 16,588              | 16,587           |
| <b>Total non-current assets</b>      | <b>45,020</b>       | <b>50,455</b>    |
| <b>Total assets</b>                  | <b>3,821,320</b>    | <b>3,661,699</b> |
| <b>LIABILITIES</b>                   |                     |                  |
| <b>Current liabilities</b>           |                     |                  |
| Trade and other payables             | 890,405             | 574,395          |
| Deferred revenue                     | 109,416             | 113,010          |
| Employee benefit obligations         | 152,865             | 150,926          |
| <b>Total current liabilities</b>     | <b>1,152,686</b>    | <b>838,331</b>   |
| <b>Non-current liabilities</b>       |                     |                  |
| Employee benefit obligations         | 3,708               | 2,332            |
| <b>Total non-current liabilities</b> | <b>3,708</b>        | <b>2,332</b>     |
| <b>Total liabilities</b>             | <b>1,156,394</b>    | <b>840,663</b>   |
| <b>Net assets</b>                    | <b>2,664,926</b>    | <b>2,821,036</b> |
| <b>EQUITY</b>                        |                     |                  |
| Share capital                        | 6 18,453,056        | 16,033,935       |
| Reserve                              | 7(a) 2,019,108      | 1,836,133        |
| Accumulated losses                   | (17,807,238)        | (15,049,032)     |
| <b>Total equity</b>                  | <b>2,664,926</b>    | <b>2,821,036</b> |

*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 2017**

|  | <b>Share<br/>Capital</b> | <b>Reserve</b>   | <b>Accumulated<br/>losses</b> | <b>Total</b>       |
|--|--------------------------|------------------|-------------------------------|--------------------|
|  | <b>\$</b>                | <b>\$</b>        | <b>\$</b>                     | <b>\$</b>          |
| <b>Balance at 1 July 2016</b>                                | <b>14,655,529</b>        | <b>1,548,050</b> | <b>(10,568,871)</b>           | <b>5,634,708</b>   |
| Loss for the period  | -                        | -                | (2,083,567)                   | (2,083,567)        |
| <b>Total comprehensive loss for the period</b>               | <b>-</b>                 | <b>-</b>         | <b>(2,083,567)</b>            | <b>(2,083,567)</b> |
| <b>Transactions with owners in their capacity as owners:</b> |                          |                  |                               |                    |
| Shares issued – conversion of convertible notes              | 1,300,000                | -                | -                             | 1,300,000          |
| Shares issued – options exercised                            | 78,406                   | (28,538)         | -                             | 49,868             |
| Share-based payment expense                                  | -                        | 122,164          | -                             | 122,164            |
|  | 1,378,406                | 93,626           | -                             | 1,472,032          |
| <b>Balance at 31 December 2016</b>                           | <b>16,033,935</b>        | <b>1,641,676</b> | <b>(12,652,438)</b>           | <b>5,023,173</b>   |
| <b>Balance at 1 July 2017</b>                                | <b>16,033,935</b>        | <b>1,836,133</b> | <b>(15,049,032)</b>           | <b>2,821,036</b>   |
| Loss for the period  | -                        | -                | (2,758,206)                   | (2,758,206)        |
| <b>Total comprehensive loss for the period</b>               | <b>-</b>                 | <b>-</b>         | <b>(2,758,206)</b>            | <b>(2,758,206)</b> |
| <b>Transactions with owners in their capacity as owners:</b> |                          |                  |                               |                    |
| Shares issued  | 2,558,929                | -                | -                             | 2,558,929          |
| Capital raising costs  | (139,808)                | -                | -                             | (139,808)          |
| Options forfeited  | -                        | (10,553)         | -                             | (10,553)           |
| Share-based payment expense                                  | -                        | 193,528          | -                             | 193,528            |
|  | 2,419,121                | 182,975          | -                             | 2,602,096          |
| <b>Balance at 31 December 2017</b>                           | <b>18,453,056</b>        | <b>2,019,108</b> | <b>(17,807,238)</b>           | <b>2,664,926</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 half year ended 31 December 2017**

|  | <b>31 December<br/>2017</b> | 31 December<br>2016 |
|--|-----------------------------|---------------------|
|  | \$                          | \$                  |
| <b>Cash flows from operating activities</b>                      |                             |                     |
| Receipts from customers  | <b>556,593</b>              | 312,425             |
| Payments to suppliers and employees                              | <b>(3,137,508)</b>          | (2,580,315)         |
| Interest received  | -                           | 30,070              |
| R&D Claim  | <b>287,247</b>              | -                   |
| Interest and other costs of finance paid                         | <b>(2,663)</b>              | (1,977)             |
| <b>Net cash (outflow) from operating activities</b>              | <b>(2,296,331)</b>          | (2,239,797)         |
| <b>Cash flows from investing activities</b>                      |                             |                     |
| Payments for property, plant and equipment                       | -                           | (6,112)             |
| <b>Net cash (outflow) from investing activities</b>              | -                           | (6,112)             |
| <b>Cash flows from financing activities</b>                      |                             |                     |
| Proceeds from issues of shares and other equity securities       | <b>2,558,929</b>            | 49,868              |
| Proceeds received in advance for future share issue              | <b>66,136</b>               | -                   |
| Capital raising costs  | <b>(78,721)</b>             | -                   |
| <b>Net cash inflow from financing activities</b>                 | <b>2,546,344</b>            | 49,868              |
| <b>Net increase/ (decrease) in cash and cash equivalents</b>     | <b>250,013</b>              | (2,196,041)         |
| Cash and cash equivalents at the beginning of the financial year | <b>3,209,838</b>            | 7,384,118           |
| <b>Cash and cash equivalents at end of period</b>                | <b>3,459,851</b>            | 5,188,077           |

*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 ApplyDirect Limited ('Company') are for the six (6) months ended 31 December 2017 and are presented in Australian Dollars (\$), which is the functional currency of the Company. These general purpose 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 2017 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 27 February 2018.

### **(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. Please refer to Note 11 for additional information on funds raised subsequent to period end.

## **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 2017.

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 *Income Taxes* 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

|   | <b>31 December<br/>2017</b> | 31 December<br>2016 |
|---|-----------------------------|---------------------|
|   | \$                          | \$                  |
| <b>Loss before income tax includes the following specific expenses:</b> |                             |                     |
| Depreciation  | <b>5,436</b>                | 6,514               |
| <i>Employee benefits expenses</i>                                       |                             |                     |
| Share based payments  | <b>182,975</b>              | 122,164             |
| Salaries and wages  | <b>1,153,906</b>            | 873,099             |
| Superannuation  | <b>92,129</b>               | 71,580              |
| Other employee related expenses   | <b>70,388</b>               | 18,708              |
| Total employee benefits expenses  | <b>1,499,398</b>            | 1,085,551           |

## 6 Share capital

### (a) Ordinary shares

|                              | <b>31 December<br/>2017</b> | 31 December<br>2016 | <b>31 December<br/>2017</b> | 31 December<br>2016 |
|------------------------------|-----------------------------|---------------------|-----------------------------|---------------------|
|                              | <b>Shares</b>               | Shares              | \$                          | \$                  |
| Ordinary shares - fully paid | <b>199,895,680</b>          | 171,463,134         | <b>18,453,056</b>           | 16,033,935          |

### (b) Movements in ordinary share capital

| Details                 | Number of<br>shares | \$         |
|-------------------------|---------------------|------------|
| <b>31 December 2016</b> |                     |            |
| Opening balance         | 164,521,823         | 14,655,529 |
| Shares issued           | 6,941,311           | 1,349,868  |
| Options exercised       | -                   | 28,538     |
| Closing balance         | <b>171,463,134</b>  | 16,033,935 |
|                         | Number of<br>shares | \$         |
| <b>31 December 2017</b> |                     |            |
| Opening balance         | 171,463,134         | 16,033,935 |
| Shares issued           | 28,432,546          | 2,558,929  |
| Capital raising costs   | -                   | (139,808)  |
| Closing balance         | <b>199,895,680</b>  | 18,453,056 |

## 6 Share capital (continued)

### (c) Details of ordinary share movements

#### 31 December 2016

| Date              | Details                                  | Number           | Issue Price<br>(\$) | Value<br>(\$)    |
|-------------------|--|------------------|---------------------|------------------|
| 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 | 441,311          | 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          |
|                   |  | <b>6,941,311</b> |                     | <b>1,349,868</b> |

#### 31 December 2017

| Date             | Details                                    | Number            | Issue price<br>(\$) | Value<br>(\$)    |
|------------------|--|-------------------|---------------------|------------------|
| 21 December 2017 | Issue of shares to sophisticated investors | 28,432,546        | 0.09                | 2,558,929        |
|                  |  | <b>28,432,546</b> |                     | <b>2,558,929</b> |

## 7 Reserve

|         | 31 December<br>2017 | 31 December<br>2016 |
|---------|---------------------|---------------------|
|         | \$                  | \$                  |
| Reserve | <b>2,019,108</b>    | 1,641,676           |

### (a) Movements in reserve

|                              |                  |           |
|------------------------------|------------------|-----------|
| Opening balance              | <b>1,836,133</b> | 1,548,050 |
| Share based payments expense | <b>193,528</b>   | 122,164   |
| Options forfeited/exercised  | <b>(10,553)</b>  | (28,538)  |
| Closing balance              | <b>2,019,108</b> | 1,641,676 |



## 7 Reserves (continued)

### (b) Details of movements in reserve

#### 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 | Options exercised under ESOP to employees and consultants | (441,311)         | (28,538)      |
| 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           | -             |
|                   |   | <b>17,888,333</b> | <b>93,626</b> |

#### 31 December 2017

| Date            | Details           | Number           | Value (\$)      |
|-----------------|-------------------|------------------|-----------------|
| 6 November 2017 | Options forfeited | (365,043)        | (10,553)        |
|                 |                   | <b>(365,043)</b> | <b>(10,553)</b> |

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.

## 8 Loss per share

### (a) Basic & diluted loss per share

|                        | <b>31 December<br/>2017<br/>Cents</b> | 31 December<br>2016<br>Cents |
|------------------------|---------------------------------------|------------------------------|
| Basic loss per share   | <b>(1.6)</b>                          | (1.2)                        |
| Diluted loss per share | <b>(1.6)</b>                          | (1.2)                        |

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

|   | <b>31 December<br/>2017<br/>\$</b> | 31 December<br>2016<br>\$ |
|---|------------------------------------|---------------------------|
| Loss attributable to the ordinary equity holders of the Company used in calculating basic & diluted loss per share: | <b>(2,758,206)</b>                 | (2,083,567)               |

## 8 Loss per share (continued)

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

|  | <b>31 December<br/>2017<br/>Number</b> | 31 December<br>2016<br>Number |
|--|--|-------------------------------|
| Weighted average number of ordinary shares used as the denominator in calculating basic & diluted loss per share | <b>173,016,825</b>                     | 167,152,928                   |

## 9 Options

### (a) Options granted

|  | <b>31 December<br/>2017<br/>Number of options</b> | <b>31 December<br/>2017<br/>Average<br/>exercise price<br/>(\$)</b> | 31 December<br>2016<br>Number of<br>options | 31 December<br>2016<br>Average<br>exercise price<br>(\$) |
|--|---|---|---|--|
| Opening balance (1 July)                           | 48,309,203  | 0.38  | 30,635,469                                  | 0.29   |
| Granted during the period – share based payment    | -   | -   | 11,829,644                                  | 0.85   |
| Granted during the period – convertible note issue | -   | -   | 6,749,999                                   | 0.25   |
| Granted during the period – equity issue (i)       | 14,216,273  | 0.09  | -   | -  |
| Exercised during the period                        | -   | -   | (441,309)                                   | 0.11   |
| Forfeited during the period                        | (365,043)   | 0.39  | -   | -  |
| Closing balance (31 December)                      | <b>62,160,433</b>                                 | <b>0.32</b>   | 48,773,803                                  | 0.42   |

(i) One option was granted for every two shares taken up in the placement to sophisticated investors with an exercise price of \$0.09.

### (b) 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:

|   | <b>31 December<br/>2017<br/>\$</b> | 31 December<br>2016<br>\$ |
|---|------------------------------------|---------------------------|
| Share based payments expense for options issued in prior period | <b>182,975</b>                     | 122,164                   |
|   | <b>182,975</b>                     | 122,164                   |

## 10 Contingencies

The Company had no contingent liabilities at 31 December 2017 (2016: nil).

## **11 Events occurring after the reporting period**

Subsequent to period end the Company has completed the following transactions to raise additional equity (pre any associated capital raising costs):

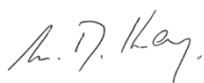
- The raising of \$36,243 via the issuance of 402,701 ordinary shares via the conversion of options
- The raising of \$898,989 via the issuance of 9,988,766 ordinary shares via a share placement
- The raising of \$1,031,130 via the issuance of 11,457,001 ordinary shares via a share placement plan

No additional 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 in subsequent financial periods.

In the directors' opinion:

- (a) the interim financial statements and notes set out on pages 7 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 2017 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.



Mr Michael Kay  
Director

Melbourne  
27 February 2018

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## Independent Auditor's Review Report to the Members of ApplyDirect Limited

### Report on the Half Year Financial Report

#### Conclusion

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 2017, 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, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of ApplyDirect Limited does not give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

#### Directors Responsibility for the Half Year Financial Report

The Directors of the Company 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 internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and 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 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 Company's financial position as at 31 December 2017 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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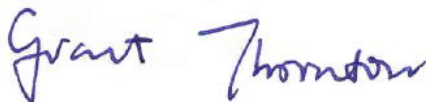
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A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit 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 have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S C Trivett  
Partner - Audit & Assurance

Melbourne, 27 February 2018